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Abstract

As a social activity, accounting has the potential to affect the behaviour of individuals in organizations. Habermasian colonization theory has been used to investigate the way in which accounting affects these organizational micro-practices. The aim of this study is to develop the understanding of Habermasian accounting colonization and to critically evaluate its impact on the schools' sector.

Qualitative field studies at three secondary schools were used to gather empirical detail in the form of interview data and documentary evidence. The research approach was underpinned by a theoretical perspective drawn from Habermasian colonization theory.

The findings reveal that accounting can have both immediate and subtle effects on organizational micro-practices. These effects can be more complex than is suggested by much of the existing literature. Contrasting accounting disturbances lead to variation in the prevalence of the organizational symptoms of accounting colonization; those that are constitutive-transactional and external to the organization have the greatest impact on behaviour. The findings suggest that absorbing groups, headteacher type and the cumulative effect of exposure to multiple accounting disturbances are also influential. As well as the effect of accounting on organizational micro-practices, this study also provides insights into its broader impact on policy in the schools' sector.

A closer alignment with Habermas's social ontology and the organizational symptoms of Habermasian accounting colonization is presented than is found in the existing body of research. Such alignment contributes to the understanding and development of Habermasian accounting colonization as a theoretical framework. A deeper comprehension of the impact of accounting on behaviour is enabled by the application of a developed model of accounting colonization. Knowledge of how accounting affects organizational micro-practices also has practical implications for both the development of policy and the work of accounting professionals.

Habermasian accounting colonization and its effect on the schools' sector

Volume one (of one).

Mr Stuart Green

PhD Accounting

Durham University Business School

Department of Accounting

Submitted to Durham University

Year of submission: 2019

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List of abbreviations

Abbreviation	Meaning
AME	Annually Managed Expenditure
APS	Assisted Places Scheme
CIPFA	Chartered Institute of Public Finance and Accountancy
CTC	City Technology College
CEL	Central Expenditure Limit
DSG	Dedicated Schools Grant
EAZ	Education Action Zone
ESFA	Education and Skills Funding Agency
FTE	Full time equivalent
GMS	Grant Maintained School
GP	General Practitioner
IMD	Index of Multiple Deprivation
ISB	Individual Schools Budget
LEA	Local Education Authority
LMS	Local Management of Schools
NPM	New Public Management
PFI	Private Finance Initiative
UK	United Kingdom

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Acknowledgements

With thanks for feedback, support and guidance provided by the supervisors of this study, Professor Laurence Ferry, Professor of Accounting, Durham University, and Professor David McCollum-Oldroyd, Professor of Accounting, Newcastle University.

Chapter one

Introduction

Introduction

Accounting is a social activity as well as a technical discipline (Hopwood, 1979; Burchell *et al.*, 1980; Hopwood, 1987; Miller, 1996; Oakes and Berry, 2009; Gallhofer, Haslam and Yonekura, 2015). As a social activity, accounting is more than a neutral measurement technique; it has the potential to affect the behaviour of individuals in organizations. These behavioural effects are referred to as organizational micro-practices (*e.g.* Ezzamel, Robson and Stapleton, 2012; Masquefa, Gallhofer and Haslam, 2017). Power, Laughlin and Cooper (2003, p. 150) argue that the impact of accounting can be 'powerful and distorting'. The extent of these effects is reflected in the view that accounting can be used to 'impose the system's imperatives on the institutions which are intended to express popular will' (Power and Laughlin, 1996, p. 444).

The impact of accounting has been examined from different perspectives (*e.g.* Roberts and Scapens, 1985; Hopwood, 1987; Arrington and Francis, 1989). Elements of the wider literature on the role and impact of accounting disturbances in organizational change apply theoretical perspectives other than Habermasian theory: examples include the use of institutional theory by Ezzamel *et al.* (2007) and Ezzamel, Robson and Stapleton (2012), structuration theory (Giddens, 1984) by Gurd (2008) and practice theory (Schatzki, 2002) by Ahrens, Ferry and Khalifa (2018). Broadbent and Laughlin (2013) summarize a body of work (*e.g.* Broadbent, Laughlin and Willig-Atherton, 1994; Broadbent and Laughlin, 1998; Broadbent, Gill and Laughlin, 2008) that utilizes Habermasian colonization theory to investigate the way in which accounting affects organizational micro-practices. Habermasian colonization theory rests on Habermas's social ontology and the mutually supporting concepts of lifeworld, systems and steering processes. Habermasian colonization theory can be used to conceptualize and understand the nature of and extent to which this reduction of importance takes place in organizations.

This study offers several key contributions. Firstly, it presents a closer engagement with Habermasian colonization theory and the organizational symptoms of accounting colonization than is used in the existing literature: this provides for a deeper understanding of Habermasian accounting colonization and its impact. Secondly, it applies a developed model of colonization with a view to revealing a richness and subtlety in the phenomenon that is not reflected in much of the extant research. In making these contributions, it adds to the understanding of the effect of

accounting within and upon organizations. Thirdly, it supports the comprehension of accounting in the development of policy in the schools' sector and the work of accounting professionals.

By responding to Laughlin's (1999) call for research that addresses the 'infiltration of accounting thought' (Laughlin, 1999, p. 74) into organizations, this study adds to the empirical research on accounting and its effect on people, organizations and society (*e.g.* Cooper, Hayes and Wolf, 1981; Hopwood, 1989; Laughlin, 1995; Dillard and Yuthas, 2006). This study draws on findings from the body of empirical research that is summarized by Broadbent and Laughlin (2013) and from theorizing in the literature on Habermasian accounting colonization (*e.g.* Laughlin, 1991; Laughlin, 1995; Broadbent and Laughlin, 1997; Masquefa, Gallhofer and Haslam, 2017). Contributions to this literature are made via a focus on organizational micro-practices (Ezzamel, Robson and Stapleton, 2012; Masquefa, Gallhofer and Haslam, 2017) in the form of the organizational symptoms of accounting colonization and via the application of Oakes and Berry's (2009) developed model of accounting colonization, respectively.

Laughlin (1987; 1995) also calls for accounting research that is critical: such research reflects 'the view that the present is not satisfactory [and] that reality could be better than it is' (Laughlin, 1987, p. 482). For Chua (2004), Power (2013) and Dillard and Vinnari (2017), the reflection, comprehension and scope for emancipation that is fundamental to critical theory allows accounting to be understood in terms of its impact on organizations and wider effect on society. The use of a theoretical perspective drawn from Habermasian colonization theory in this study is a response to this call.

Background: The role of accounting in the schools' sector

Public spending on education in England 2017/18 was £96 billion¹, or 12.2 percent² of government expenditure in the UK (HM Treasury, 2018) during the same period. Total education revenue spending (excluding departmental administration costs and Annually Managed Expenditure³) in 2017/18 was £88 billion⁴; £42 billion (47.7 percent) of this expenditure was on

¹ Total Managed Expenditure: current and capital spending carried out by the public sector. It comprises the sum of Departmental Expenditure Limits being controllable expenditure that is subject to limits set in government spending reviews) and Annually Managed Expenditure (AME) (being spending in departmental budgets that is demand-led and not subject to limits set by government spending reviews).

² Total Managed Expenditure by all government departments and that classified as other expenditure in 2017/18 was £789 billion.

³ See footnote one for a definition of Annually Managed Expenditure.

⁴ Including expenditure on nursery, primary, secondary and higher education and 'other' (*e.g.* research and development, education not definable by level) levels.

secondary education (HM Treasury, 2018). The importance of the schools' sector is also reflected in its scale: in 2017/18, 3.3 million pupils (being 82 percent of all pupils of secondary school age) were educated by the 3,436⁵ institutions in this sector (Department for Education, 2018a).

Knowledge of the 'robustness and legitimacy' (Agyemang, 2010, p. 106) of the role of accounting in the schools' sector is enhanced by an increased understanding of the nature of accounting and its impact. If accounting is a social activity with the power to affect organizational micro-practices; if accounting does impose imperatives and reduce the importance of things that cannot be measured using accounting, and; if the schools' sector is of such importance, then a comprehension of accounting and its effect is necessary. Differences in ownership, governance, management and funding arrangements within the schools' sector also lend themselves to an investigation of accounting disturbances and their effects. As well as being a consequence of accounting disturbances, they should also inform reactions to further accounting disturbances. Failure to develop and apply this knowledge could lead to unintentional and potentially adverse outcomes.

Broader policy issues are also informed by this study. As the 'technical lifeblood' (Guthrie, Olson and Humphrey, 1999, p. 211) of Hood's (1991; 1995) New Public Management (NPM), accounting is an important factor in the development and implementation of policy in the wider public sector. Van Helden (2005), Spekle and Verbeeten (2014), Bracci, Maran and Inglis (2017), Liguori and Steccolini (2018) and Steccolini (2018) argue that accounting provides the technical language and mechanisms that translate the NPM into new organizational cultures and systems. Alongside a contribution to the knowledge of Habermasian accounting colonization and its effect on organizational micro-practices in schools, this study elucidates the impact of accounting in this broader policy context; it also offers insights into the role of accounting professionals in relation to accounting disturbances.

Key contributions

The purpose of this study is to contribute to the knowledge of Habermasian accounting colonization and its effect on individuals and organizations in the schools' sector. The focus that is applied to the organizational symptoms of accounting colonization offers, inter alia, a closer alignment to Habermas's social ontology and Habermasian colonization theory than is used in the

⁵ Comprising 2,225 academies, 959 local education authority (LEA) funded schools and 252 free schools as at the time of writing. Excludes alternative provision/special schools.

extant literature. A more immediate relation to Habermasian theory enables a closer engagement with the organizational symptoms of Habermasian colonization (Forester, 1985; Kemp, 1985; Forester, 1993; Oakes and Oakes, 2016; Masquefa, Gallhofer and Haslam, 2017): this allows for a deeper understanding of the nature of the phenomenon and its impact on organizational micro-practices.

A second lacunae in the existing research on Habermasian accounting colonization is addressed by the insights offered by a mobilization of Oakes and Berry's (2009) developed model of accounting colonization. Notwithstanding Broadbent and Laughlin's (2013) recognition of the possibility for rebuttal and evolution as behavioural responses to accounting disturbances, a binary distinction between coercion and resistance pervades much of the literature on the empirical study of accounting colonization (*e.g.* Dent, 1991; Laughlin, 1991; Broadbent and Laughlin, 1997; Broadbent and Laughlin, 1999; Broadbent, Gill and Laughlin, 2008): this is seen as overly simplistic. Others have highlighted how accounting can lead to organizational micro-practices that are positive and enabling (*e.g.* Gallhofer and Haslam, 2003; Masquefa, Gallhofer and Haslam, 2017; Steccolini, 2018).

For Oakes and Berry (2009), the view that organisational micro-practices are always linked to coercive processes is far from axiomatic; that resistance is the principal alternative behavioural response to coercive colonization is viewed with similar scepticism. Oakes and Berry (2009) also seek to address the perceived dualism, emphasis on scientific method and lack of subtlety in much of the existing research. A more recent body of work has sought to utilize this developed model of accounting colonization (*e.g.* Sharma and Lawrence, 2015; Campanale and Cinquini, 2016; Oakes and Oakes, 2016). This study adds to this body of work.

A synthesis of the closer alignment to Habermas's social ontology, the focus on the organizational symptoms of accounting colonization and the use of Oakes and Berry's (2009) developed model of accounting colonization aims to reveal the richness, ambiguity and nuance of the interactions between accounting disturbances, the behavioural responses of organizational participants to these accounting disturbances and the way that the organizational symptoms manifest in the schools' sector. In so doing, this study seeks to both enhance the understanding of Habermasian accounting colonization and to critically evaluate its effect on organizational micro-practices.

Theoretical perspective

Habermasian social theory comprises an explanation of how social order is possible and a social ontology. The latter is an explanation of the nature of society and how it is constructed.

Habermas's social ontology rests on the mutually supporting concepts of lifeworld and systems: connections between these components are provided by steering processes that allow systems to be governed by the norms of the lifeworld. The ontological components of lifeworld and systems are the respective counterparts of the Habermasian concepts of communicative action and instrumental action.

Modern societies demand a successful balancing of lifeworld and systems (Habermas, 1984; Habermas, 1987). For Habermas (1987, p. 118), the lifeworld comprises a 'culturally transmitted and linguistically organized stock of interpretative patterns' that provide a 'naïve familiarity with an unproblematically given background' (Habermas, 1987, p. 135) in the form of mutually agreed norms and values. Oakes and Oakes (2016) argue that the lifeworld also provides the site for individual and social emancipation. Systems, as represented by the economic system (or market) and the political system (or state), supply 'relief mechanisms' (Finlayson, 2005, p. 88) by way of pre-established patterns of action that simplify interactions between social actors. Systems are also tangible expressions of the lifeworld (Campanale and Cinquini, 2016). Interactions between social actors in these systems are co-ordinated using the steering media of money and power. Systems and steering media should reflect the values and shared meanings of the lifeworld (Habermas, 1984).

Habermasian colonization occurs when the fragile equilibrium between lifeworld and systems is lost. Steering processes extend to inform interactions and behaviours outside of the systems, rather than reflect the values and shared meanings of the lifeworld (Habermas, 1987).

Habermasian colonization is a form of reification (Gallhofer and Haslam, 1991; Finlayson, 2005; Edgar, 2006; Dillard and Yuthas, 2006; Thomassen, 2010) and occurs when systems become 'detached from the lifeworld and operate according to the internal imperatives of money and power' (Bohman, 1999, p. 71). Steering processes come to regulate interactions outside of the systems: interactions between social actors in the lifeworld are informed by the exigencies of systems and their steering mechanisms, rather than the values and implicit understandings of the lifeworld. The extension of the steering media allows the instrumental action that, for Habermas (1984), should take place in systems, to distend and displace the communicative action of the lifeworld. Since the maintenance of the shared meanings and understandings of the lifeworld is considered to depend on successful communicative action, the lifeworld is denuded and

ultimately 'seems to shrink to a subsystem' (Habermas, 1987, p. 173). The requirements of the steering processes and systems erode and ultimately displace the values and implicit understandings of the lifeworld. In Broadbent and Laughlin's (2013) modified and translated framework of Habermasian colonization, accounting is one of these steering mechanisms.

Further explanation of the ontological components of lifeworld and system, their counterparts of communicative and instrumental action and the concept of Habermasian colonization is developed in chapter four.

Methodology

The overarching methodological research approach that is applied in this study reflects Ahrens and Chapman's (2006) view of a qualitative field study. Qualitative field studies are based on the perception that 'the field is an emergent social reality open to diverse interpretations of its participants and observers... and that this social reality can be studied' (Ahrens and Chapman, 2006, p. 829). Drawing on five basic research concepts from Silverman (1993), Ahrens and Chapman (2006) offer a framework by which research methodology can be developed. A discussion of these concepts and an explanation of how they are applied in this study is presented in chapter five.

Ahrens and Chapman's (2006) principal concern in research methodology is the achievement of coherence: methodological choices must allow for the dynamic interplay of data, interpretation and theoretical perspective. The combination of qualitative field studies and a theoretical perspective drawn from Habermasian theory reflects this need for coherence. Habermas's social ontology rests on interaction (Outhwaite, 1996; Finlayson, 2005; Edgar, 2006); Habermasian accounting colonization is reflected in the behavioural responses of organizational participants to accounting disturbances. Field studies of this nature provide an enhanced scope for a meaningful understanding of these behavioural responses and organizational micro-practices (Power and Gendron, 2015); 'greater depth' is permitted than is offered by other approaches (Ahrens and Chapman, 2006, p. 825).

Qualitative field studies dominate the empirical literature on accounting colonization *e.g.* Broadbent and Laughlin (1998), Broadbent, Jacobs and Laughlin (2001), Oakes and Berry (2009, Oakes and Oakes (2016). The insight, depth and range offered by such an approach means that they are of particular use in the study of phenomena such as Habermasian accounting colonization. Further coherence is underpinned by the use of thematic analysis: as Braun and

Clarke (2019) note, this is particularly apposite where an overarching qualitative methodology is applied and in research situations that focus on interaction, behaviour and social processes. Rigour and quality in fieldwork was underpinned by the application of Braun and Clarke's (2006) fifteen-point quality checklist and evaluative guidelines for qualitative research established by Tracy (2010) and Malsch and Salterio (2016).

Empirical detail is drawn from interview data collected at three secondary schools during a period from 2015 to 2017. A total of 24 semi-structured interviews were conducted with both teachers and bursars⁶; data are analysed using thematic analysis (Braun and Clarke, 2006; 2019). The use of semi-structured interviews to develop empirical detail, a methodological approach taken from Ahrens and Chapman (2006) and the theoretical perspective of Habermasian colonization theory reflects both the call for empirical research into the phenomenon (Laughlin, 1995) and the call for critical interpretive accounting studies (Laughlin, 1987; Laughlin, 1995).

Research aim and objectives

The aim of this study is to:

Develop the understanding of Habermasian accounting colonization and to critically evaluate its effect in the schools' sector

Contribution to the knowledge of Habermasian accounting colonization and its impact on individuals and organizations is expedited by four research objectives: these research objectives frame the study and offer an underpinning for the development of this understanding and critical evaluation. The objectives of this study are to:

- (1) Discuss the role of accounting in the schools' sector;
- (2) Analyse the nature and impact of Habermasian accounting colonization;
- (3) Critically analyse, using a close engagement with Habermas's social ontology and a focus on the organizational symptoms of colonization, the impact of Habermasian accounting colonization on organizational micro-practices; and

⁶ This term has been used to refer to personnel for whom accounting and financial management are principal aspects of their job role. Job titles for these interviewees varied from 'Director of Resources' to 'Finance Manager'.

- (4) Critically evaluate the effect of accounting disturbances on the behavioural responses of organizational participants using Oakes and Berry's (2009) developed model of accounting colonization

These objectives are reflected in the structure of this study. The next chapter presents a discussion of the role of accounting in the schools' sector: this provides a background to and context for the rest of the study. A review of the empirical research on Habermasian accounting colonization follows and is framed in terms of Broadbent and Laughlin's (2013) modified framework of accounting colonization, Oakes and Berry's (2009) developed model and the organizational symptoms of Habermasian accounting colonization. An explanation of the theoretical framework that is applied in this study follows the literature review. A discussion of research methodology and method is then developed and, via a synthesis of the empirical research, Oakes and Berry's (2009) developed model, the organizational symptoms of Habermasian accounting colonization and Ahrens and Chapman (2006), is used to develop three testable propositions, namely:

- (1) Habermasian accounting colonization is a more complex phenomenon than that suggested by the distinction between coercion and resistance;
- (2) Contrasting accounting disturbances should lead to variations in the prevalence of the organizational symptoms of accounting colonization; and
- (3) Accounting disturbances of contrasting nature should cause different behavioural responses. The greater the severity of accounting disturbances, the greater the likelihood of mock obedience or real obedience (Oakes and Berry, 2009)

These testable propositions inform three chapters of findings. The first of these chapters presents an analysis of accounting's role in the formulation and implementation of policy in the schools' sector; this analysis is underpinned by an engagement with both legislation and the literature on accounting in the schools' sector. Habermasian colonization theory is used to develop this analysis. The next findings chapter critically evaluates the impact of Habermasian accounting colonization on organizational micro-practices using Habermas's pathologies and the organizational symptoms of colonization. A critical evaluation of these effects in the third and final chapter of findings is framed by Oakes and Berry's (2009) developed model of colonization and behavioural responses to accounting disturbances.

A discussion follows the findings chapters and is used to reflect on and amplify key points. This final chapter is used to summarize the findings, extend debate in terms of the nature and impact

of Habermasian accounting colonization, consider the limitations of the study and identify opportunities for further research.

Chapter two

Background: The role of accounting in the schools' sector

Introduction

The purpose of this chapter is to discuss the role of accounting in the schools' sector; this provides a background to and context for the rest of the study. An analysis of legislation is synthesised with the literature on accounting in the schools' sector, which coalesces around three themes: market orientation, increasing financial autonomy for schools and the use of formulae for funding allocations. These themes are used to organize the discussion that is presented in this chapter.

Discussion is framed by Broadbent, Laughlin and Willig-Atherton's (1994) conceptualization of private sphere and public sphere accounting. This typology reflects a fundamental distinction between the role of accounting in organizations. For Broadbent, Laughlin and Willig-Atherton (1994), private sphere accounting embodies stewardship activities, whereas public sphere accounting reflects accounting's role in decision making and demonstrations of accountability. Both types of accounting are important in the day-to-day operations of many organizations, including schools. However, private sphere accounting activities such as cash collection are qualitatively different from public sphere activities such as budget preparation and external financial reporting. Whilst the volume of both types of activity has increased due to reform in the schools' sector, public sphere activities have assumed relatively greater importance. Their essential difference from functions such as cash collection can be seen in their use in decision making, in the communication of accountability and as a 'tool of rhetoric' (Broadbent, Laughlin and Willig-Atherton, 1994, p. 268) in interactions within and between organizations.

The importance of the schools' sector

Alongside the contributions provided by a closer engagement with Habermasian colonization theory, this study has implications for policy and practice in the schools' sector. A comprehension of the way in which accounting affects organizational micro-practices is important for both policy makers and those responsible for implementation, including accounting professionals.

The efficacy of the methods that are used in policy reform and implementation in the schools' sector need to be understood due to the scale of the education system. As noted in the introductory chapter, £42 billion, being 47.7 percent of total revenue expenditure on education

and 5.3 percent of Total Managed Expenditure in 2017/18, was committed to providing services to the 3.3 million pupils that were educated by institutions in this sector in 2017/18 (Department for Education, 2018a).

Reform of the schools' sector

The schools' sector has been subject to considerable change. Since the Education Act 1944, pupils have been affected by reforms such as the introduction of a 'basic curriculum'⁷ following the Education Reform Act 1988 (Education Reform Act, 1988, s. 2 (1)). The creation of Ofsted and the inspection of the 'quality of the education provided' (Education (Schools) Act 1992, s. 2 (1)) is an example of one of many changes that have had an impact on teachers. Parents, carers and local communities have been affected by developments such as the establishment of community schools and foundation schools under the School Standards and Framework Act 1998.

Arrangements for the ownership, governance, management and funding of schools have also changed due to, for example, the creation of converter academy schools and 'free schools' under the Academies Act 2010.

A summary of the main statutory changes and the role of accounting in these reforms is provided in appendix A. An outline of some legislative developments has been included for context and continuity rather than their direct relevance to accounting. The Education Act 1944, sometimes referred to as the 'Butler Act'⁸ is taken as a starting point. Whilst it is recognized that the origins of accounting's role in approaches to ownership, governance, management and funding in the schools' sector can be found in legislation that pre-dates the Education Act 1944, the Butler Act is often seen as a seminal reform (*e.g.* Jones, 2003; Chitty, 2009; Benn, 2011). The Education Act 1944 replaced almost all the previous provisions and established a framework for what is recognized as the 'modern' system of education in England.⁹ An end point is provided by the Education and Adoption Act 2016, being the most recent piece of legislation as at the time of writing.

⁷ Often referred to as a 'national curriculum'.

⁸ After Richard Austen Butler, the then President of the Board of Education.

⁹ The Education Act 1944 applied to the system of education in England and Wales. Similar legislation was also introduced in Scotland and in Northern Ireland in the form of the Education (Scotland) Act 1945 and the Education Act (Northern Ireland) 1947, respectively.

The Butler Act established a statutory duty for local education authorities (LEAs)¹⁰ to deliver elementary (primary), secondary and further education (FE). The structures of ownership, governance, management and funding that emerged created a shared responsibility and accountability for the use of financial resources between central government, LEAs and schools (Wilby, 2010). Funding was allocated by central government; LEAs were responsible for local policies including the determination of financial resources to be provided to schools; governing bodies and headteachers were to set school policies and manage the financial resources provided by LEAs. The purpose of accounting within schools was largely restricted to Broadbent, Laughlin and Willig-Atherton's (1994) concept of private sphere activities: such activities represent the stewardship and 'housekeeping' (Broadbent, Laughlin and Willig-Atherton, 1994, p. 261) role of accounting. In a broader sense, the Butler Act's emphasis on shared responsibility and accountability was reflected in the 'dynamic that [the Education Act] 1944 encouraged' (Jones, 2003, p. 20): decentralized arrangements for governance, funding allocation and financial control were key tenets of what some (*e.g.* Jones, 2003; Chitty, 2009; Benn, 2011) argue has sometimes been misconstrued as a centralizing piece of legislation. In spite of this decentralization and any misunderstanding thereof, accounting's role was very much in the private sphere (Broadbent, Laughlin and Willig-Atherton, 1994).

Reform of the arrangements that were established by the Education Act 1944, particularly since the 1980s, coalesce around three themes: market orientation, increasing financial autonomy for schools and the use of funding formulae (Jones, 2003; Chitty, 2009). The Education Reform Act 1988, sometimes referred to as the 'Baker Act'¹¹ is often cited as a key piece of legislation in this context. As at the time of writing, changes to the system of ownership, governance, management and funding in the schools' sector reach their apogee in the Academies Act 2010. The trend that emerged in the early 1980s culminated in legislation that effectively obviated the shared responsibilities and accountabilities created by the Education Act 1944. In the main, this shared approach persisted for four decades. The control and influence exercised by LEAs was much diminished. Accounting's role changed from 'private sphere' activities to also include 'public sphere' activities (Broadbent, Laughlin and Willig-Atherton, 1994). In contrast to the stewardship and housekeeping roles that characterize private sphere accounting, public sphere accounting activities are directed towards decision making and demonstrations of accountability. For Broadbent, Laughlin and Willig-Atherton (1994, p. 261), public sphere accounting is also used as a

¹⁰ Local education authorities: local councils that have responsibility for education services within their geographical jurisdiction.

¹¹ After Kenneth Baker, the then Secretary of State for Education.

‘tool of rhetoric’ and is important in the presentation of ‘a particular organisational reality’: typical activities in this context include costing, budget preparation, budgetary control, external financial reporting and funding determination using formulae.

The role of accounting: market orientation, increasing financial autonomy for schools and funding formulae

The themes of market orientation, increasing financial autonomy for schools and the use of formulae to allocate funding reflect aspects of the NPM (Hood, 1991; Hood, 1995). Accounting techniques are ‘the technical lifeblood of NPM’ (Guthrie, Olson and Humphrey, 1999, p. 211) and are at the heart of the NPM paradigm (Van Helden, 2005; Spekle and Verbeeten, 2014; Steccolini, 2018). Hood (1995, p. 94) sees accounting as ‘a key element in... activities [that] needed to be more closely costed and evaluated’. Jones (2003) adds that much of the legislation that affected the schools’ sector in the 1980s was accompanied by ‘vigorous measures against the institutional bases of Conservatism’s opponents’¹²: accounting was a key feature of these measures.

For Hood (1995), the importance of accounting rests in its use in undermining the principles of progressive public administration. This approach to public management contrasts starkly with the NPM. It rests on the maintenance of a sharp distinction between public and private sector modes of business and an emphasis on process accountability. Accounting provides a vehicle by which markets and ‘private business methods’ (Hood, 1995, p. 94) can be introduced into public management. The use of accounting contributes to the ‘valorization’ of markets and private sector modes over those of progressive and ‘traditional’ public administration (Edwards *et al.*, 1995, p. 299). Outputs and results can be measured, reported and evaluated using accounting techniques; accountability can be emphasized in terms of results, rather than process (Dunleavy and Hood, 1994; Power and Laughlin, 1996; Guthrie, Olson and Humphrey, 1999).

The importance of accounting in the reform of the schools’ sector is manifest in a body of literature (Dixon, 1991; Broadbent, Laughlin and Willig-Atherton, 1994; Edwards *et al.*, 1995; Broadbent and Laughlin, 1998; Edwards, Ezzamel and Robson, 1999; Power, Laughlin and Cooper, 2003; Edwards, Ezzamel and Robson, 2005; Ezzamel *et al.*, 2007; Agyemang, 2009; Agyemang, 2010; Ezzamel, Robson and Stapleton, 2012; Agyemang and Ryan, 2013). As noted by Edwards *et*

¹² The 1979 general election was won by the Conservative Party, which won three subsequent general elections and remained in government until 1997. ‘Thatcherism’, after Margaret Thatcher (Prime Minister from 1979 to 1990), was marked by economic and social policies that rejected the post-war consensus of Keynesianism, the welfare state and state regulation of the economy.

al. (1995, p. 297), the reforms ‘embodied expectations and assumptions regarding the relationship between management accounting and organizational change’.

This is not to suggest that accounting has been the sole driver of reform. Edwards *et al.* (1995), Broadbent and Laughlin (1998), Bente and Friestad (2016) (albeit in the schools’ sector in Norway) and Kayas *et al.* (2018) argue that changes such as Ofsted inspection and ‘league tables’ have had a greater impact. Such mechanisms have been amplified by, for example, a statutory power for central government and LEAs to intervene in schools ‘causing concern’ under the School Standards and Framework Act 1998. Ezzamel *et al.* (2007) consider accounting techniques as part of, rather than separate from, a broader range of techniques that have been used to inculcate a regulatory conception and discourse of accountability in public management. Nevertheless, a consensus emerges from the literature: the shift in the role of accounting from stewardship to decision making is not simply indicative of changes to ownership, governance, management and funding arrangements. Rather, accounting and related methods of economic calculation (Power, Laughlin and Cooper, 2003) have played a major part in policies that have driven these changes.

Market orientation

Public sphere accounting activities and their use in interactions between and within organizations assume greater importance in market-based systems: producers must compete with each other and communication with ‘consumers’, regulators and other stakeholders needs to be expedited. Chitty (2009) suggests that the origins of marketization in the schools’ sector can be found in the last of the five ‘Black Papers’¹³ (Cox and Boyson, 1977). Parental choice was seen as key to addressing the perceived failures of the education system in the 1970s. A voucher scheme was proposed by which parents could ‘purchase’ education. Power, Laughlin and Cooper’s (2003) conflation of accounting with other methods of economic calculation is exemplified by the role of public sphere accounting activities in arrangements such as those proposed by Cox and Boyson (1977). The voucher was to be valued at the average cost of secondary education in each LEA; parents, as proxy ‘consumers’ in a marketized system, could ‘spend’ these vouchers and ‘schools that few wish to attend should then be closed and their staff dispersed’ (Cox and Boyson, 1977, p. 9).

¹³ A series of articles published between 1969 and 1977 that questioned the perceived excesses of a progressive approach to education.

The use of markets in public management is characterized by the creation of corporatized units, competitive provision and a stress on private sector styles of management (Hood, 1995). These developments are reflected in changes to arrangements for the ownership and governance of schools. Accounting and techniques related to accounting, including reform of the assessment system and the use of 'league tables', have supported these changes. In the schools' sector the use of markets in public management is most manifest in two reforms: the local management of schools (LMS) and the establishment of academy schools.

As noted earlier in this chapter, the Education Reform Act 1988 marks a key point in the reform of the schools' sector: the need for LEAs and governing bodies to satisfy the requirements of a 'basic curriculum' (Education Reform Act, 1988, s. 2 (1)) and the introduction of 'assessment arrangements' (Education Reform Act, 1988, s. 2 (2)) prescribed by central government had substantial impacts on both teachers and pupils. It is recognized that accounting is not the sole cause of change, but that it is part of broader methods of economic calculation that have been crucial in the reform and implementation of policy. As such, the introduction of the LMS under the Education Reform Act 1988 is a critical point in the development of a market-based system in the schools' sector (Dixon, 1991; Broadbent, Laughlin and Willig-Atherton, 1994; Edwards, Ezzamel and Robson, 1999; Edwards, Ezzamel and Robson, 2005). The LMS did not include the voucher system sought by Cox and Boyson (1977) but attempted to engender a key 'principle of good management' (Coopers and Lybrand, 1988, p. 7) and that 'spending decisions are best taken by those closest to the users of the service' (Coopers and Lybrand, 1988, p. 1.1). Direct LEA control of the way in which individual schools spent their budgets was abolished (CIPFA, 2008). LEAs were required to allocate financial resources to schools using formulae and to delegate financial decision-making authority to governing bodies. Parents (via governing bodies) were conceptualized as decision makers in a market for education (Edwards, Ezzamel and Robson, 1999). Pupils came to constitute 'consumers' of the services provided by schools.

Changes to the responsibilities of school governors and to funding arrangements under the LMS have their origins in the Education Act (No. 2) 1986. Under this Act, LEAs were required to delegate an element of their budgets to schools and to 'make available to them funds which they could spend at their discretion' (CIPFA, 2008) on 'books, equipment, stationery and such other heads of expenditure (if any) as may be specified by the authority or prescribed by the Secretary of State' (Education Act (No. 2) 1986, s. 29): such expenditure was referred to as 'capitation'. LEAs were also required to supply governing bodies with financial information about their school to allow judgement to be made as to 'whether expenditure in relation to their school represents the economic, efficient and effective use of resources' (Education Act (No. 2) 1986, s. 29). In turn,

governing bodies were required to produce a statement for capitation expenditure to report the use of these resources.

These changes sought to shift the balance of responsibility for financial governance and management from LEAs to schools (Jones, 2003; Chitty, 2009; Benn, 2011). Whilst the proportion of financial resources delegated in this way was relatively small and the financial statements produced by governing bodies cannot be equated to those prepared and published by, for example, large companies, the reforms are characteristic of attempts to engender market orientation. Performance regarding the use of capitation expenditure could be measured, reported and evaluated and, as Power and Laughlin (1996), Dunleavy and Hood (1994) and Guthrie, Olson and Humphrey (1999) note, accountability could be emphasized in terms of results rather than process. The requirement to delegate control over an element of school budgets is also a feature of the (with hindsight) nascent corporatized units highlighted by Hood (1995). The archetypal public sphere accounting activities (Broadbent, Laughlin and Willig-Atherton, 1994) of budget preparation and financial reporting are also salient in this respect.

Notwithstanding the precise origin of change in the schools' sector, Dixon (1991, p. 47) describes the LMS as 'the most far-reaching and important of the [then] proposed changes in the Education Reform Act 1988'. The literature does indicate that there is a consensus on the importance of the LMS in the development of a market-based system. The LMS established schools as corporatized units. Section 33 of the Baker Act required LEAs to delegate 'the management of a school's budget share for any year to the governing body of the school' (Education Reform Act, 1988, s. 33 (2)). Organizations that were previously under the control of LEAs were redefined as autonomous entities, albeit with a retention of overall responsibility for financial probity and internal control by LEAs (Edwards *et al.*, 1995; Broadbent and Laughlin, 1998; Edwards, Ezzamel and Robson, 2005).

Whilst heterogeneity has always been a feature of the schools' sector, Hood's (1995, p. 96) 'unbundling' was extended by the creation of grant-maintained schools (GMSs) and City Technology Colleges (CTCs). Schools were able to convert to grant-maintained status under section 52 of the Education Reform Act 1988; section 105 of this Act also provided a statutory basis for the establishment of CTCs. Both types of school were entirely independent of LEA control, funded directly by central government and established to 'compete' with existing schools. Funding for GMSs was recouped from the respective LEA's budget. A total of 667 GMSs (Department for Education and Employment, 2001) were created until their redesignation as foundation schools following the School Standards and Framework Act 1998. CTCs were to be

‘situated in an urban area’, offer ‘education for pupils of differing abilities... mainly drawn from the area in which the school is situated’ and have a broad curriculum ‘with an emphasis on... science and technology’ (Education Reform Act, 1988, s. 105 (2))¹⁴. A total of 15 CTCs were created under the provisions of the Education Reform Act 1988. Funding for CTCs was augmented by private sponsorship by business. Alongside the importance of the LMS in the development of a market orientation, a further consensus emerges from the literature: public sphere accounting activities underpin and constitute this market orientation through systematic approaches to the allocation of financial resources and reporting of their use (Edwards *et al.*, 1996).

Broadbent, Laughlin and Willig-Atherton’s (1994, p. 267) notion of public sphere accounting as an ‘element in channels of communication and the power to use resources’ is also evident in its role in competition in the schools’ sector. Competitive provision between corporatized units has also been expedited by budget allocations that are, essentially, based on ‘the number and ages of registered pupils’ (Education Reform Act, 1988, s. 38 (3)). LEAs were required to determine an objective method of funding and ‘submit it for the approval of the Secretary of State’ (Education Reform Act, 1988, s. 33 (1)); historic patterns of spending had to be disregarded in favour of age-weighted pupil numbers (Edwards *et al.*, 1996; Edwards, Ezzamel and Robson, 1999). Central government was given a statutory power to vary LMS schemes devised by LEAs. This power was further strengthened by the provisions of the Education Act 1993, the School Standards and Framework Act 1998 and Education Act 2005. For example, section 101 (4) of the Education Act 2005 provided a statutory power by which the Secretary of State was able to require ‘local education authorities... to take account of matters arising after the initial determination of their schools’ budget... by redetermining their schools’ budgets’. The increasing prescription of funding arrangements by central government and the continued concentration of funding allocations on pupil numbers meant that, at least in principle, schools that could not attract sufficient numbers of pupils would be exposed as inefficient: market orientation would manifest in the financial unviability of schools that would be unable to attract sufficient funding (Dixon, 1991; Broadbent, Laughlin and Willig-Atherton, 1994; Broadbent and Laughlin, 1998; Edwards, Ezzamel and Robson, 2005).

To a lesser extent, attempts to develop market orientation are evident in initiatives such as Education Action Zones (EAZs) that were introduced under the School Standards and Framework Act 1998 (Chitty, 2009). Schools in EAZs were able to deviate from the national curriculum, were

¹⁴ Section 105 (2) of the Education Reform Act 1988 also provided for a focus on the performing and creative arts by CTCs to be known as ‘city colleges for the technology of the arts’.

supported by sponsorship from business and, with reference to the private sector management styles in public administration (Hood, 1995), were able to vary the 'statutory conditions of employment of the school teachers in a participating school' (School Standards and Framework Act, 1998, s. 13 (1)). The Schools Standards and Framework Act 1998 enabled the Secretary of State to establish EAZs when 'it is expedient to do so with a view to improving standards in the provision of education at any particular maintained schools' (School Standards and Framework Act, 1998, s. 10 (1)). Education Action Forums comprising both members of the governing bodies of participating schools and central government appointees from private sector organizations were also established to govern each EAZ. Their remit was to serve 'the improvement of standards in the provision of education at each of the participating schools' (School Standards and Framework Act, 1998, s. 12 (1)).

Attempts to develop competitive provision and private sector management styles can be found in aspects of the Education Act 1993, which created a statutory duty for the Secretary of State to exercise powers 'with a view... to improving standards, encouraging diversity and increasing opportunities for choice' (Education Act 1993, s. 2 (2)). Admissions systems and procedures by which schools could become grant-maintained were changed to further embody the ethos of marketization. For example, section 24 of the Education Act 1993 obliged governing bodies to 'consider whether to hold a ballot of parents on the question of whether grant-maintained status should be sought for the school' on an annual basis (Education Act, 1993, s. 24 (2)). A ballot was required if a written request was received from the parents of at least 20 percent of the registered pupils at a school: if a simple majority of parents voted in favour of GMS status, the governing body of that school was required to publish a proposal for conversion¹⁵.

Public sphere accounting also played a more direct role in the development of competitive provision and private sector approaches to management. The functions of the Audit Commission were extended to include the certification of LMS schemes and the financial statements published by LEAs 'with respect to the planned financial provision in that year specified in the statement prepared by the authority' (Education Act, 1993, s. 275 (1)). Whilst these statements were not as comprehensive as those prepared by companies, their separate audit and certification marks them as distinct from the other financial statements produced by local authorities. The effect is to model LEA LMS schemes and activities as being isolated from other local authority activities. Whilst such disaggregation could be seen as a consequence of the fund accounting approach that

¹⁵ A second ballot was required if less than 50 percent of those eligible to vote did so in the first ballot. The results of the second ballot were final.

is typical of accounting's role in traditional public administration, it places a focus on the LMS and allows for further emphasis of the concept of corporatized units and private sector styles of management.

Whilst the foundations for some aspects of the corporatized units, competition and emphasis on private sector approaches to management that characterized the LMS pre-date the Education Reform Act 1988 (such as the Education Act (No. 2) 1986), the Baker Act marks a seminal point in reform. The Learning and Skills Act 2000, the Education Act 2002 and, most notably, the Academies Act 2010 are also important in continuing attempts to develop a market orientation in the schools' sector. The ultimate effect of these pieces of legislation was to extend the number of academy schools. Section 130 of the Learning and Skills Act 2000 provided for the renaming of CTCs as city academies and to simply 'academies' under the Education Act 2002. This Act also extended the scope of this type of school beyond science, technology and performing and creative arts to 'any subject specified by order by the Secretary of State' (Learning and Skills Act, 2000, s. 130 (3)). The requirement for academies to have a specialism was subsequently abolished by the Education Act 2011. Moreover, under-achieving schools in deprived areas could be remodelled as sponsored academies, removed from LEA control and established as 'public-private partnerships' under the control of sponsors that included universities, charities, faith-based groups and other schools. Academies could also be created to offer new school places, where needed. A total of 684 sponsored academies have been opened in the schools' sector (as at the time of writing) (Department for Education, 2018b).

The process for the creation of academy schools was expedited by the Academies Act 2010, which provided for the formation of 'converter' academies. The criterion of sponsorship and the pre-condition of poor performance were removed. Converter academies were established by order of the Secretary of State following an application to convert from the school's governing body (Academies Act 2010, s. 4 (1a)) or a direct intervention by central government (Academies Act 2010, s. 4 (1b)). Prior to conversion (but not necessarily prior to the order) a school's governing body must 'consult such persons as they think appropriate' (Academies Act, 2010, s. 4, (6)). The Academies Act 2010 removed the provision for LEAs to veto a school's conversion and the statutory right for parents to oppose conversion. As at the time of writing, institutions in the schools' sector include 1,541¹⁶ converter academies (Department for Education, 2018b). The Academies Act 2010 also enabled the creation of 'free schools': such institutions were like

¹⁶ Both sponsored and converter academy schools will be referred to collectively as academies hereafter, unless specified otherwise.

converter academies in that they were neither controlled nor funded by LEAs. There are 252 free schools in the schools' sector (as at the time of writing) (Department for Education, 2018b).

Both academies and free schools are more distinct corporate units than LMS institutions. Under the academies system, LEA responsibility for financial probity in schools and for the channelling of funding are removed. Headteachers and governing bodies are directly responsible to parliament; central government supplies funding directly to schools; financial resources for central services delivered by LEAs are directed to academies in the form of the Local Authority Central Spend Equivalent Grant and, from 2013, as part of the Education Services Grant.

Academy schools have charitable status under section 12 of the Academies Act 2010. A 'qualifying Academy proprietor' (Academies Act, 2010, s. 12 (2)) could be both an exempt charity and a company limited by guarantee. Due to this legal status, such schools are required to register with Companies House. Assets are owned by the academy (although in some academies, LEAs retain ownership and assets are leased). Governing bodies become 'like the board of directors of a company' (Stafford and Stapleton, 2016, p. 9) with headteachers as both chief executive officer and accounting officer. As with the LMS, public sphere accounting activities are used to support and constitute market orientation (Ezzamel *et al.*, 2007; Ezzamel, Robson and Stapleton, 2012) and manifest in the form of financial statements (for both Companies House and central government), external audit reports and published monitoring returns.

Public sphere accounting activities are also evident in attempts to use academies as vehicles for marketization in the schools' sector. Funding allocations for academy schools are, like those for LEA funded schools, effectively dependent on pupil numbers. With responsibility for admissions shifting from LEAs to academies, the scope for the financial unviability noted by Cox and Boyson (1977), Dixon (1991), Broadbent and Laughlin (1998) and Parish, Baxter and Sandals (2012) has been brought into sharper focus. Stafford and Stapleton (2016, p. 20) assert that a 'competitive schooling environment' is one of the key features of the academies system.

Broadbent, Laughlin and Willig-Atherton's (1994) public sphere accounting activities find further resonance in the application of private sector accounting norms in the academies system. The preparation and audit of financial statements, including submissions to Companies House, reflect these requirements. Concepts from the Companies Act 2006 such as 'company limited by guarantee' have the same meaning in the Academies Act 2010. Unlike the statements of budgeted and actual expenditure prepared by LEAs under the School Standards and Framework Act 1998 and the Apprenticeship, Skills, Children and Learning Act 2009, statutory responsibility

for the preparation and publication of these financial statements rests with academy schools, rather than LEAs.

Further similarities to accounting norms in the private sector can also be found in changes to governance that make a governor of an academy school 'more akin to a non-executive director of a limited company' (Stafford and Stapleton, 2016, p. 12). The degree to which other private sector management tools have been applied in academies is less clear. Notwithstanding this lack of evidence, both Wilby (2010) and Stafford and Stapleton (2016) contend that the academies system has permitted greater private sector involvement in and control of funding in the schools' sector. This would seem to at least imply that greater private sector influence should lead to an increased use of private sector management tools.

Financial autonomy for schools

Accounting techniques have been used as a medium for interactions between corporatized units: they are part of the 'rhetoric' (Broadbent, Laughlin and Willig-Atherton, 1994, p. 268) that has accompanied attempts, realised or otherwise, to create a competitive environment in the schools' sector. Similar trends exist in the context of increasing financial autonomy for schools. In contrast to its use in a market-based system, accounting's role in this increasing financial autonomy is most evident in interactions within schools, rather than between corporatized units.

Like the role of accounting in market orientation, the LMS and the academies system mark key points in this aspect of reform, but their origins can be found in developments in legislation that precedes the Baker Act. As Jones (2003) notes, the financial and administrative aspects of the Butler Act were founded on decentralization and, to some extent, schools have always enjoyed an element of financial autonomy. However, like the development of market orientation, increasing financial autonomy for schools must be seen in the context of Hood's (1995) doctrinal components of the NPM. The doctrines of greater freedom to manage by discretion, use of performance measures and of an emphasis on output rather than process are all manifest, most notably in the LMS. Many of the subsequent reforms to these arrangements are also characterized by these features, including the academies system.

The trend of increasing financial autonomy for schools has a similar origin to that of the development of market orientation in the schools' sector. Notwithstanding some circumscription of LEA ability to allocate financial resources under the Education (Grants and Awards) Act 1984, the Education Act (No. 1) 1986 and the Education Act (No. 2) 1986 provide a key point in this

theme. LEAs were required to provide governing bodies with an annual statement of financial resources passed to their respective school. Hood's (1995, p. 97) 'discretionary power' to manage is apparent in the Education Act (No. 2) 1986 and its requirement for LEAs to delegate financial resources for capitation to schools to spend at their discretion (CIPFA, 2008).

As at the time of writing, LEA funded schools spend an average of 46 percent of their gross expenditure budgets on permanent and supply teaching staff (Department for Education, 2018a). Whilst it has been argued that the relative concentration of expenditure on what are largely fixed staffing costs in most schools meant that the delegation of responsibility for financial decision making under the Education Reform Act 1988 was somewhat illusory (*e.g.* Jones, 2003; Chitty, 2009; Benn, 2011), the LMS, as informed by Department for Education and Science Circulars 7/88, 7/91 and Department for Education Circular 2/94, did lead to changes to the extent of financial control exercised by schools. Prior to the LMS, schools controlled only capitation, which amounted to a relatively small amount of financial resources.

Irrespective of the precise starting point of this aspect of reform, two axioms emerge from the literature. Firstly, starting in the early 1980s, a trend of increasing financial autonomy can be detected in much of the legislation. Secondly, as in the development of market orientation, public sphere accounting activities were a key aspect of this reform. Unlike the use of accounting in a market-based system and its effect on interactions between organizations, accounting's role in increasing financial autonomy is most evident in management approaches within schools.

The increase in financial autonomy for schools that began with the Education Act (No. 2) 1986 and the Education Reform Act 1988 was amplified by the Education Act 1993. This Act provided a basis by which central government was able to impose further 'conditions and requirements obliging the local education authority to delegate decisions about the spending of grant [funding]' (Education Act 1993, s. 278 (4)).

The annual need to 'consider whether to hold a ballot of parents on the question of whether grant-maintained status should be sought for the school' (Education Act, 1993, s. 24 (2)) offered the potential for further reduction in LEA control over funding, since financial resources for such schools were provided directly by central government rather than via LEAs. Part of LEA expenditure on schools comprised payments back to central government for the funding of GMSs (CIPFA, 2008). Their effect was to further weaken LEA influence and to enhance the view that financial autonomy for schools was a necessary feature of reform. The establishment of a separate funding body for GMSs in the form of the Funding Agency for Schools and a need for governors to consider 'opt out' of LEA control on an annual basis strengthened this perception.

The shift in 'financial power' (Dixon, 1991, p. 48) from LEAs to schools, grant-maintained or otherwise, continued following the Schools Standards and Framework Act 1998. This Act established a new framework for the ownership and governance of schools: county schools and GMSs became community and foundation schools, respectively. Whilst the most obvious impact of these provisions was on ownership and governance (and is therefore considered in the context of the development of market orientation) these changes were also accompanied by increasing financial autonomy. Section 49 of this Act includes an explicit statement that 'every maintained school shall have a delegated budget' (School Standards and Framework Act, 1998, s. 49 (1)); section 48 required LEAs to prepare their LMS schemes following consultation with the governing bodies and headteachers of every school in their respective area. LMS schemes were also subject to the ultimate approval of the Secretary of State, who retained a statutory power to 'revise the whole or any part of any scheme' (School Standards and Framework Act, 1998, s. 2 (5)). Public sphere accounting in the form of new approaches to budgeting was used to inform interactions between central government and LEAs and also the way in which LEAs channelled funding to schools.

The role of public sphere accounting in interactions between organizations was further extended by statutory requirements regarding the use of funding, the treatment of 'surpluses'¹⁷ on individual school budgets and the allocation of funding to schools for activities that were previously financed by LEAs. Chapter IV of the School Standards and Framework Act 1998 led to the introduction of the Fair Funding scheme: this included specific provisions to address 'the carrying forward from one financial year to another of surpluses and deficits' and 'conditions prescribing financial controls and procedures' (School Standards and Framework Act 1998, s. 48 (2)). The CIPFA (2008) notes that the Fair Funding scheme led to schools assuming financial control over the repair and maintenance of premises, supply of school meals, school library services and insurance. Schools were given funding to deliver these services directly, to contract with other providers or to 'buy back' (CIPFA, 2008, p. 6) their supply from the LEA. Funding for schools was notionally separated from that for other local authority services in the form of a Schools Budget: this provided for the definition of amounts to be delegated to schools following the deduction of funding for central services delivered by LEAs. The Secretary of State was able to 'prescribe classes or descriptions of expenditure which are authorised or required to be deducted from an authority's local schools' budget' (School Standards and Framework Act, 1998, s. 46 (3)).

¹⁷ Underspends on annual revenue budgets that could be carried forward from one financial period to the next.

Notwithstanding the further increase in financial autonomy following the School Standards and Framework Act 1998, a caveat emerges from parts of this piece of legislation: new duties were introduced for LEAs to manage aspects of the LMS system, including what Agyemang (2009) describes as a coordination and leadership role. This contrasts with the general trend of increasing financial autonomy for schools. LEAs were enabled with 'powers of intervention' (School Standards and Framework Act, 1998, s. 14 (1)) in schools that were deemed to be causing concern, including the ability to appoint additional governors and the 'power to suspend [the] right to [a] delegated budget' (School Standards and Framework Act, 1998, s. 14 (3)). This Act was the first piece of schools' sector legislation introduced by a new central government following the 1997 general election¹⁸. Agyemang (2010) observes that the policy focus in the schools' sector shifted from market orientation and competition between schools to the raising of educational standards.

However, and despite the new powers for LEAs, the School Standards and Framework Act 1998 does reflect a general continuation of the trend of increasing financial autonomy for schools. The coordination and leadership role (Agyemang, 2009) and change in policy emphasis (Agyemang, 2010) are anomalous; the School Standards and Framework Act 1998 and particularly the Fair Funding scheme represented a further strengthening of the 'emphasis' (CIPFA, 2008, p. 6) on financial autonomy for schools. The treatment of surpluses, the allocation of financial resources for a broader range of functions and the notional separation of funding all enhanced the financial autonomy of schools. The ability to retain surpluses (and deficits) was particularly notable as a mechanism by which schools were able to exercise greater financial control. As at the time of writing, 70 percent of LEA funded institutions in the schools' sector had surplus budget balances, with 22 percent in deficit (Department for Education, 2018b).

If the Fair Funding scheme was a matter of emphasis (CIPFA, 2008), then the Education Act 2002 represents a more direct change in arrangements for financial autonomy for schools. This legislation is considered to be as important as the LMS and the academies system in the theme of increasing financial autonomy (Jones, 2003; Chitty, 2009; Benn, 2011). The CIPFA (2008, p. 6) define its role as to 'set the framework for a new system of education finance'. The proportion of funding for schools that LEAs were required to delegate to LEA controlled schools increased to 85 percent. Crucially, funding for schools was also fully separated from funding for central services provided by LEAs. The impact of these provisions was reinforced by the imposition of a Central

¹⁸ The 1997 general election was won by the 'New' Labour Party after 18 years of government by the Conservative Party.

Expenditure Limit (CEL), which placed a cap on the rate by which LEAs could increase expenditure on central services. The purpose of the CEL was to 'maximise the amount going into the delegated schools' budget' (CIPFA, 2008, p. 116). Section 42 of the Education Act 2002 also introduced a power by which the Secretary of State was able to prescribe a minimum Schools Budget for each LEA: 'if it appears to the Secretary of State... as a local education authority's schools' budget for a financial year is inadequate, the Secretary of State may... give the authority notice' (Education Act 2002, s. 42 (1)) of such prescription. Once again, accounting techniques were used as a lever for policy implementation. 'Financial power' (Dixon, 1991, p. 48) continued to be shifted away from LEAs to governing bodies and headteachers; this was reinforced by statutory duties for governing bodies to 'keep prescribed accounts and prescribed records in relation to the accounts' (Education Act, 2002, s. 44 (1)) and to 'comply with governing body requirements relating to the resources held by the governing body' (Education Act, 2002, s. 44 (2)).

Further emasculation of LEA control over financial resources was provided by the introduction of the Dedicated Schools Grant (DSG) in 2006. This is described by the CIPFA (2008, p.8) as a 'significant development in central/local government responsibilities'. Roberts and Bolton (2017, p. 9) go as far as to describe the introduction of the DSG as a 'pivotal point' in financial autonomy in the schools' sector. Prior to the introduction of the DSG, funding for schools was part of a grant provided to local authorities to be used to support services generally. This grant was determined by taking account of factors such as deprivation and additional educational needs. These factors were measured using data on, for example, income-related benefits and birthweight, population sparsity and area costs (Roberts and Bolton, 2017). The split between this funding and that for LEA functions was notional: it was for local authorities to decide how this funding should be deployed.

Despite the Secretary of State's powers to set a minimum Schools Budget and the introduction of the CEL in 2004, central government was 'increasingly frustrated by the behaviour of a small number of local authorities' (CIPFA, 2008, p. 147). The DSG heralded the removal of funding for schools from the formula grant (whilst funding for central services delivered by LEAs remained part of overall grant funding). As noted by the CIPFA (2008, p. 27) 'for the first time...ring-fenced funds were provided to local authorities that had to be used in support of the Schools Budget'. However, LEAs were able to supplement the DSG from their own funds but were required to channel funding to schools: hence, the DSG plus any supplement from general funding resulted in the overall Schools Budget. LEAs were not required to pass DSG amounts directly to schools: once the Schools Budget was set, LEAs then needed to delegate to schools via a formula: this resulted in an Individual Schools Budget (ISB) for each school. The amount delegated to each school was

termed a school's 'budget share'. Any difference between the Schools Budget and the ISB could be retained in the form of a Retained Schools Budget and managed centrally by the LEA, subject to strict scrutiny by central government.

A trend that began with the need to delegate financial control over expenditure on books, equipment and stationery and to supply an annual statement of financial resources passed to each school under the Education Act (No. 2) 1986 culminated in the DSG. Any remaining influence exercised by LEAs via the design of the formulae that were used to delegate amounts in the form of budget shares continued to be circumscribed by the need to seek approval for these formulae from central government. In terms of the extent of financial control exercised by LEAs, the 'unusual' accountability arrangements noted by Agyemang (2009) and Agyemang and Ryan (2013) meant that LEAs remained indirectly accountable to central government for the use of funding by schools. LEAs continued to be responsible for ensuring that budget shares were spent appropriately. The Education Reform Act 1988 provided a basis by which LEAs could impose conditions on governing bodies regarding 'arrangements to be made for the management of expenditure' and 'the keeping and audit of accounts with respect to such expenditure' (Education Reform Act, 1988, s. 39 (12)). Substantial or persistent breaches of financial regulations by a school could result in withdrawal of its budget share. In terms of LEA to central government relationships, indirect accountability between LEAs and central government was also exercised by the submission of a 'section 52' budget statement. This comprised an analysis of centrally retained expenditure, an explanation of the method used to determine the ISB and details of budget shares for each school.

Stafford and Stapleton (2016, p. 9) assert that the academies system has allowed for further strengthening of the financial autonomy of schools. The 'independence, freedom and flexibility' (Stafford and Stapleton, 2016, p. 14) of financial control exercised by academy schools is even greater than that afforded to LEA schools under the Education Act 2002. Both sponsored academies and converter academies receive direct funding from central government. The former also received donations towards capital costs in return for influence over the governing body and the curriculum. Financial resources for central services delivered previously by LEAs are also allocated to these schools in the form of additional grant funding.

As in its role in competitive provision and private sector management approaches, public sphere accounting (Broadbent, Laughlin and Willig-Atherton, 1994) underpins the financial autonomy of academies. Public sphere accounting activities such as budgeting and financial management are essential features of the system of financial delegation for academy schools established by central

government (Stafford and Stapleton, 2016). The centrality of financial planning and control to the LMS (Broadbent, Laughlin and Willig-Atherton, 1994) is amplified in the academies system. In particular, the public sphere accounting activities of budgeting and budgetary control play an even greater role as channels of communication within these schools than under the LMS (Broadbent and Guthrie, 1992; Broadbent *et al.*, 1994; Edwards *et al.*, 1995; Ezzamel, Robson and Stapleton, 2012). The requirement for academies to publish financial statements also supports this system of devolved financial control: these financial statements are more detailed than those that had to be published by governing bodies under the Education Act (No. 2) 1986.

Ezzamel, Robson and Stapleton's (2012) study of the use of budgeting and budgetary control within schools under the LMS mirrors the findings of Broadbent *et al.* (1994) and Edwards, Ezzamel and Robson (1999), respectively. Whilst the teaching profession has remained influential, increasing financial autonomy and the concomitant use of budgeting and budgetary control techniques in schools are symbolic of Hood's (1995) doctrinal components of the NPM. The doctrines of a freedom to manage, the use of performance measures and a greater emphasis on outputs find resonance in what Ezzamel, Robson and Stapleton (2012, p. 282) term 'new accounting technologies and practices in schools' that were used as part of competing logics within academies. In this sense, accounting has been used as a 'tool of rhetoric' (Broadbent, Laughlin and Willig-Atherton, 1994, p. 268) to promote the use of a business-like logic in schools. Edwards *et al.* (2002, p. 316) also note the way in which 'the rhetoric of financial planning is increasingly a major theme among school staff'.

As with the evidence of the extent to which private sector management tools have been applied in academy schools, Ezzamel, Robson and Stapleton (2012, p. 284) suggest that the degree to which interactions within these organizations reflect a 'business logic' is debateable. Competition between this and other logics, particularly that espoused by the teaching profession, is seen to give rise to contested practice: public sphere accounting has been symbolic of a private sector approach, but this approach has not achieved dominance (Ezzamel, Robson and Stapleton, 2012). Nevertheless, the role of budgeting as a public sphere accounting activity is prevalent throughout both the LMS and the academies system. Increasing financial autonomy for schools has changed the nature of and basis for some relationships and interactions within many institutions.

This is not to argue that financial autonomy is the only driver of changes to management approaches in the schools' sector: it is related to other themes of reform. Nevertheless, increasing financial control by schools is an important feature of the reification (Ezzamel *et al.*, 2007) of private sector styles of management alongside the development of a market-based system. As

with increasing financial autonomy, changes to the system of ownership, governance, management and funding are generally characteristic of Hood's (1995) NPM. A distinction can be made between the role of public sphere accounting activities and other elements of the reforms: whereas the development of market orientation has affected relationships between organizations in the schools' sector, increasing financial autonomy (Broadbent, Laughlin and Willig-Atherton, 1994) had greater impact on interactions within these institutions.

Funding formulae

Unlike its role in increasing financial autonomy in schools, the use of public sphere accounting (Broadbent, Laughlin and Willig-Atherton, 1994) in funding methods manifests most notably in interactions between organizations. The role of accounting in formula funding arrangements has a potentially powerful impact on interactions between entities, particularly between funding bodies (in terms of both central government and LEAs) and service providers (be they funded directly by central government or via LEAs). Nevertheless, it can also affect relationships within schools.

Agyemang (2010, p. 82) draws on Heald and Geaughan (1994) to define these changed funding arrangements as 'mechanisms that transfer resources to public sector organisations based on explicit calculations aimed at ensuring the needs of recipients are taken into account'. In the schools' sector, these mechanisms operate at two levels: allocation of funding to LEAs by central government (and, in some cases, such as the current arrangements for academies, directly to schools), and; the subsequent channelling of funding to schools by LEAs.

Irrespective of the level at which funding formulae operate, the transparency and objectivity (Heald and Geaughan, 1994) of these methods resonates with archetypal public sphere accounting in terms of both rhetoric (Broadbent, Laughlin and Willig-Atherton, 1994; Edwards *et al.*, 1995; Edwards *et al.*, 2002) and logic (Ezzamel, Robson and Stapleton, 2012). The Education Act 1944 assigned responsibility for the allocation of financial resources to LEAs, under the supervision of central government (Dale, 1989). Central government funding to LEAs was in the form of 'grants... of such amounts as may from time to time be determined by regulations made by the Minister' (Education Act 1944, s. 101, p. 70); a statutory power for central government to withhold grant funding subject to inspection was included in the legislation. Direct grants from central government to aided schools could also be made to support up to 50 percent of the cost of the construction, alteration, repair and maintenance of buildings (Chitty, 2009). Direct grant grammar schools also received funding from central government without channelling by an LEA.

Edwards, Ezzamel and Robson (1999) report that the 'non-political' character of the system that emerged due to the Butler Act meant that funding arrangements for schools were effectively decentralized (notwithstanding the funding of direct grant grammar schools by central government). The location of the schools' sector within the local government system meant that LEAs were free to organize funding arrangements for schools as they saw fit: different frameworks emerged as a result of this flexibility.

Like the themes of market orientation and increasing financial autonomy for schools, whilst the Education (Grants and Awards) Act 1984, Education Act (No. 1) 1986 and the Education Act (No. 2) 1986 led to some changes, the Baker Act and its introduction of the LMS is cited as a key point in the reform of funding arrangements (Edwards, Ezzamel and Robson, 1999; Ezzamel *et al.*, 2007). Indeed, Edwards, Ezzamel and Robson (1999, p. 483) assert that 'the main component of the LMS initiative was... the introduction of a resource allocation model which LEAs had to implement for devolving resources'. Funding allocations that were determined previously by what both Dixon (1991) and Agyemang (2010) describe as historical patterns of funding were replaced by formulae that reflected 'a school's objective needs' (LMS Initiative, 1988, p. 31). LEAs were free to develop their own model of allocation within guidelines set by central government. Formulae needed to be submitted for approval by the Secretary of State for Education. As explained earlier in this chapter, the system that emerged meant that funding came to be determined by, in essence, age-weighted pupil numbers.

As with increasing financial autonomy for schools, much of the subsequent legislation provides for a strengthening of the reform that originated in the Baker Act. Alongside further circumscription of their ability to control financial resources following, for example, the Education Act 1993 and the School Standards and Framework Act 1998 (notwithstanding the caveats noted in the context of financial autonomy) and other mechanisms such as the Schools Budget, CEL and the DSG, LEAs were required to allocate increasing amounts of funding to schools using age-weighted pupil numbers. Initially, 80 percent of the total financial resources delegated to schools needed to be allocated on this basis; this increased to 85 percent following the Education Act 2002 and subsequently to 95 percent as a result of the Education Act 2005. Whilst the use of transitional funding to ameliorate the impact of year-on-year variations greater than five percent was permissible, such adjustments were eventually eliminated.

Further weakening of LEA influence over funding arrangements was provided by a requirement for each LEA to establish a local schools forum (Education Act 2002) with which they were required to consult on funding arrangements. Local schools forums were able to require LEAs to

‘have regard to [their] advice’ (Education Act, 2002, s. 47A (4)). This was extended by the Education and Inspections Act 2006: this legislation placed a statutory duty on LEAs to obtain approval from, rather than to merely consult, its local schools forum on issues such as changes to LMS schemes and amounts of the DSG to be retained centrally by LEAs. Section 57 of the Education and Inspections Act 2006 required that LEA proposals to change LMS schemes be subject to consultation with ‘the governing body and head teacher of every school maintained by the authority’. Ratification by central government was given effect by a need to ‘submit a copy of their proposals to the authority’s schools forum for their approval’ (Education and Inspections Act, 2006, s. 57 (5) (2A)).

Agyemang’s (2010, p. 82) definition of formula-based funding methods as ‘explicit’ and reflective of ‘the needs of recipients’ implies levels of transparency and equity that might be absent from other methods. The objectivity of formula-based methods is also noted by Heald and Geaughan (1994). Edwards, Ezzamel and Robson (1999, p. 483) note that the pre-LMS funding relationships were often ‘opaque and historical’; the use of formulae for funding should mean that interactions between central government, LEAs and schools that were once a function of political factors and historical events should be more transparent and fair (Edwards, Ezzamel and Robson, 1999). The emphasis on age-weighted pupil numbers is also characteristic of market orientation.

As discussed in the context of market orientation, parents (via governing bodies) are conceptualized as ‘decision makers’ in a market for education, with pupils as ‘consumers’. Funding formulae (alongside other mechanisms such as Ofsted inspection and ‘league tables’) would change the relationships between parents, pupils, schools and other entities and, at least in principle, make the financial viability of schools dependent on their ability to attract sufficient numbers of pupils. Dixon (1991), Broadbent and Laughlin (1998) and Parish, Baxter and Sandals (2012) highlight the risk of financial unviability that is caused by these methods.

A continuation of this approach can be found in the School Standards and Framework Act 1998. This legislation introduced the Fair Funding scheme, which ‘built on’ the provisions of the LMS (Agyemang, 2010, p. 89) in terms of the channelling of funding between LEAs and schools. Relationships between and the relative influence of organizations in the schools’ sector in the determination of funding are the focus of Agyemang’s (2010) study of arrangements under the Fair Funding scheme. Accounting knowledge and information are seen to be ‘useful in assessing resource allocations’ (Agyemang, 2010, p. 96). Despite the requirement that each LEA consult with its local schools forum on funding matters and, following the Education and Inspections Act 2006, for any changes to an LMS scheme to be subject to approval by a local schools forum,

asymmetry of access to knowledge and information was found to inform power relationships. Such asymmetry facilitated the development of approaches that reflected resource availability rather than needs-based objectivity and resulted in what Aygemang (2010, p. 106) describes as an 'approach [that] is no different in this respect to other methods'.

The extent to which the purported objectivity and equity of formula-based methods have been realised in interactions between funding bodies and schools is arguable. The emphasis on age-weighted pupil numbers and the delegation of increasing amounts of financial resources to schools may have gone some way to changing relationships between parents, pupils and schools. However, and as noted earlier in this chapter, Broadbent and Laughlin (1998) argue that curriculum changes, Ofsted inspection and 'league tables' have had greater impacts in the pursuit of a market-based system than the use of accounting. Moreover, the formulae used to allocate funding from central government to LEAs (rather than those used to determine allocations to schools) has proved to be far from a panacea for the perceived opacity (Edwards, Ezzamel and Robson, 1999) of other methods.

As at the time of writing, the DSG represents the principal mechanism by which central government allocates revenue funding in the schools' sector. The DSG comprises three components or 'blocks': Schools (the largest component), High Needs and Early Years. Funding is paid to local authorities net of recoupment of amounts for academy schools in an LEA's area and other specified adjustments. Funding for academy schools is paid directly to those institutions by a central government agency¹⁹ and is determined using the respective formula for the LEA in which an academy is located.

Prior to the introduction of the DSG, funding for schools was based on factors such as deprivation, additional educational needs, population sparsity and area costs (Roberts and Bolton, 2017). Whilst such factors are still reflected in a proportion of the DSG, 89.5 percent of Schools Block funding is determined using age-weighted pupil factors. However, the introduction of the DSG was based on circumstances as at 2006. Subsequent annual per pupil amounts for each LEA are not calculated using a zero-based approach: some adjustments, uplifts and attempts to bring 'fairness' into the system have been applied but per pupil DSG amounts are, essentially, 'locked-in' to conditions that existed in 2006. The espoused objectivity, transparency and equity of

¹⁹ As at the time of writing, the Education and Skills Funding Agency. This organization was created on 1 April 2017 following the merger of the Education Funding Agency and the Skills Funding Agency. The former was previously responsible for funding for 3-19 year olds; the latter for skills training in FE.

formula-funding arrangements are not automatic. Their realisation depends on the design of a suitable approach and a political will for its implementation and maintenance.

Compared to the development of market orientation and the delegation of financial resources to schools, little research has been undertaken on the precise role of accounting in the formulae that are used at either the central government to LEA level, the LEA to school level or in the direct funding of schools by central government. However, and irrespective of the transparency and fairness of formulae relative to other methods, the effect of this accounting activity can be discerned using Broadbent, Laughlin and Willig-Atherton's (1994) typology. Public sphere accounting activities are seen to offer 'channels of communication and the power to use resources' (Broadbent, Laughlin and Willig-Atherton's, 1994, p. 267): as such, formula-based funding models are typical of public sphere accounting activities.

For academy schools, funding is defined as 'financial assistance given by the Secretary of State' (Education Act 2002, s. 14 (5)) and, under the Academies Act 2010 s. 2 (2) continues for at least seven years following the creation of an academy school. LEAs were required to transfer any accrued surpluses on formation of an academy. In the context of funding arrangements, financial resources previously 'channelled' (Stafford and Stapleton, 2016, p. 3) by LEAs are provided directly by central government. Funding for all schools in an LEA area, including academies, is determined on the same basis. Central government calculates funding for academy schools using the model that is employed by the respective LEA in which the academy is located: these amounts are recouped from the DSG for that LEA and passported directly to the academy. Additional grant funding is paid to academies to meet the cost of central services provided previously by LEAs.

Application of formula funding in the schools' sector should, at least in theory, provide for transparency and objectivity²⁰. Like the contradiction created by the delegation of financial resources leading to less, rather than more, financial autonomy for schools (Edwards, Ezzamel and Robson, 1999; Wolfe, 2011), the extent of the equity provided using formula-based mechanisms has been questioned. For example, the DSG Schools Block funding per pupil varied from approximately £4,000 to just under £7,000 in 2016/17 (Roberts and Bolton, 2017), with average annual expenditure per pupil of £5,862 in LEA controlled schools (once funding had been channelled via LMS schemes) (Department for Education, 2018a) and £5,968 in academies (Department for Education, 2018a): this was due largely to historical funding patterns that existed

²⁰ As at the time of writing, central government is consulting on the introduction of a national funding formula for schools. Central government intends to channel funding allocations determined using this formula directly to all institutions in the schools' sector, irrespective of their status.

when the DSG was introduced in 2006. Criticism of such disparity gains greater credence as funding bodies become increasingly remote from service providers. As such, the shift to greater use of the direct funding of schools by central government under the academies system and as part of a proposed introduction (as at the time of writing) of a national funding formula to replace that used to calculate the DSG would appear to be potentially more problematic than the LMS or Fair Funding. Heald and Geaughan (1994) note that formula funding can be used by funding bodies to provide distance between themselves and the impact of their decisions. Power relations between funding body and service provider impact on the extent to which service provider needs are incorporated into funding models (Agyemang, 2010). Jones (2003) argues that the LMS provided for such distance and cites evidence of reductions in total funding for the schools sector in six of the eight years following the Education Reform Act 1988 as indicative of these power relations.

Stafford and Stapleton (2016, p. 22) highlight how agency and power relationships in the academies system are also skewed by arrangements for funding: 'power is ceded upwards' from schools to central government (via an executive body, if the academy school is part of a group or trust). If power relationships between central government and academies are asymmetric, then there is scope for reduced equity in the allocation of funding in the academies system. The remoteness of central government relative to LEAs creates greater distance between funding body and service provider (Agyemang, 2010). Both factors, at least in principle, also offer the scope for reduced transparency and equity. The proposed introduction of a national funding formula and the intention to distribute financial resources directly to all schools would appear to do little to ameliorate the impact of these agency and power relationships. Further asymmetries in power relationships would appear to be more likely if the channelling role of LEAs is abolished.

The related nature of the themes of market orientation, increasing financial autonomy and funding formulae mean that the impact of funding models on interactions within schools can, at least indirectly, be discerned. Broadbent, Laughlin and Willig-Atherton's (1994, p. 267) conceptualization of public sphere accounting is not restricted to the use of accounting and accounting techniques in external relationships in the schools' sector: as a qualitatively different activity from private sphere accounting, it extends 'both within and without'. As noted earlier in this chapter, the use of public sphere activities such as budgeting and budgetary control have had the greatest effect in this context (Broadbent, Laughlin and Willig-Atherton, 1994; Broadbent *et al.*, 1994; Edwards *et al.*, 1996; Ezzamel, Robson and Stapleton, 2012). Those involved in budgeting and budgetary control must, of necessity, be cognisant of funding arrangements: it would seem to follow that the evidence of the use of budgeting techniques as tools of

communication and rhetoric within organizations would therefore reflect some of the consequential, if indirect, impacts of funding arrangements.

Ezzamel, Robson and Stapleton's (2012) investigation of the effect of accounting techniques in schools focuses on budgeting practices. The mutual influence of public sphere accounting practices such as budgeting and budgetary control and changes to funding arrangements is reflected in findings such as a shift to the recruitment of younger teachers following the Education Reform Act 1988. Central government rejected a proposal that actual salary costs for teachers be financed in favour of an LEA-wide average for all teachers employed in a particular LEA (Edwards, Ezzamel and Robson, 1999; Ezzamel, Robson and Stapleton, 2012). The impact is an 'underlying' (Ezzamel, Robson and Stapleton, 2012, p. 290) motive to appoint less experienced teachers whose salary costs are lower than the LEA average.

Both the difficulties experienced by some schools in adjusting from historic funding patterns to those determined by formulae and the carry-forward of surplus budget balances from one accounting period to the next (and beyond) reveal further links between increased financial autonomy and funding arrangements. In terms of surpluses, Ezzamel, Robson and Stapleton (2012, p. 300) state that the 'prevalence of a proportion of schools with large surpluses highlights the unintended consequences that new representational technologies of budgeting can achieve': budget carry-forwards came to be symbolic of the effects of changes to funding arrangements and, in particular, the emphasis on age-weighted pupil numbers in funding models. Formula-based funding and the resulting surpluses in some schools has created both tensions between organizations in the schools' sector and within schools (Ezzamel, Robson and Stapleton, 2012). 70 percent of LEA funded institutions had surplus budget balances (Department for Education, 2018c); 22 percent were in deficit, as at the time of writing. Tensions between schools and funding providers and within schools have emerged as a result of these surpluses and deficits. As with much of the evidence on the role of public sphere accounting activities, the role of accounting in funding arrangements is linked to other aspects of these changes. It is also illustrative of the manner and degree to which accounting techniques are at the heart of this reform.

Chapter three

Literature review

Introduction

Habermasian colonization theory is largely conceptual. Habermas neither supports the development of his theory with empirical study nor makes direct reference to the application of Habermasian colonization to organizational phenomena. Habermas's social theory, which includes Habermasian colonization, is an explanation of how social order is possible and how society is constructed; an application to organizations is not Habermas's intention. This is reflected in Thomassen's (2010, p. 1) recognition of the 'grand theorizing' nature of Habermasian colonization and of Habermas's broader output. Moreover, Habermas did not consider accounting in any part of his work.

Broadbent and Laughlin (2013) summarize a body of research (Laughlin, 1991; Laughlin, 1995; Broadbent and Laughlin, 1997) that offers a modified and translated framework of Habermasian colonization. Broadbent and Laughlin (2013) provide a 'practical [and] analytical theoretical tool' for the study of Habermasian colonization in organizational contexts (Broadbent and Laughlin, 2013, p. 63). In Broadbent and Laughlin's (2013) framework, organizations are analogous to Habermas's concept of society: they have their own lifeworlds, steering media and systems. The literature on this framework will be reviewed in this chapter. The modified and translated framework summarized by Broadbent and Laughlin (2013) supplies a foundation for Oakes and Berry's (2009) developed model of accounting colonization. Whilst acknowledging the merits of Broadbent and Laughlin (2013), Oakes and Berry (2009) argue that it suffers from several weaknesses. As such, Oakes and Berry (2009) refine and extend Broadbent and Laughlin (2013) in an attempt to better reflect the richness, complexity and subtlety of Habermasian colonization: this attempt will be considered as part of this chapter.

The literature on the empirical study of accounting colonization using Broadbent and Laughlin's (2013) framework (e.g. Broadbent and Laughlin, 1998; Broadbent, Jacobs and Laughlin, 2001; Broadbent, Gill and Laughlin, 2008; Masquefa, Gallhofer and Haslam, 2017) and Oakes and Berry's (2009) developed model of accounting colonization (e.g. Sharma and Lawrence, 2015; Campanale and Cinquini, 2016; Oakes and Oakes, 2016) will be reviewed. A wider body of literature will also be examined that, whilst it does not apply a theoretical framework from Habermasian accounting

colonization, offers broader insights into the organizational impact of accounting in the schools' sector.

Broadbent and Laughlin (2013): A modified and translated framework of Habermasian colonization theory

The recondite and, in parts, abstruse nature of Habermas's approach to explanation has been highlighted. For example, Edgar (2006, p. 165) suggests that Habermas's 'organization and style of argument' can 'leave the exact lines of [his] argument obscure, and what can turn out to be key concepts may... become lost in the detail of historical exposition and criticism'. Thomassen (2010, p. 1) notes that Habermas's theories are 'about society, language, law and democracy' rather than the impact of activities like accounting in organizations.

Broadbent and Laughlin's (2013) adapted framework offers a mechanism by which accounting colonization and its effect on organizational micro-practices can be better understood. The revisions to terminology that are included in this framework are used to counter some of the intricacies that are seen to pervade Habermas's work. Broadbent and Laughlin (2013) offer a basis by which Habermasian colonization theory can be applied to organizational contexts; an adapted nomenclature is offered that can be utilized in these organizational settings. The use of alternative phrasing mitigates potential confusion with Habermas's social ontology (as opposed to Habermasian colonization theory).

A summary of Broadbent and Laughlin's (2013) modified framework of Habermasian colonization is presented in Table 1. An explanation of each element of Broadbent and Laughlin's (2013) translation and adaptation of Habermasian colonization is developed in this chapter. Further explanation of the theoretical basis for this modified framework is provided in chapter four:

Table 1: Translation of Habermasian colonization theory for use in the study of accounting colonization

Habermasian theory	Broadbent and Laughlin (2013): modified and translated framework of accounting colonization
Habermasian colonization theory	Accounting colonization
Lifeworld	Organizational interpretative scheme
Steering media: regulative or constitutive	Design archetype (steering mechanisms): relational or transactional
Systems	Subsystems
Pathologies	Organizational symptoms (Forester, 1985; 1993; Kemp, 1985; Finlayson, 2005; Oakes and Berry, 2009; Thomassen, 2010; Innes and Booher, 2015; Oakes and Oakes, 2016)
Social actors	Organizational participants

Source: Broadbent and Laughlin (2013)

Habermas's definition of the lifeworld as 'a culturally transmitted and linguistically organized stock of interpretative patterns' (Habermas, 1987, p. 118) is renamed as an organizational interpretative scheme (Laughlin, 1991; Power and Laughlin, 1996; Broadbent and Laughlin, 2013). Like the Habermasian concept of the lifeworld as both a context for and product of mutual understanding and consensus in society, Broadbent and Laughlin (2013) conceptualize an interpretative scheme as an inventory of resources with which individuals in organizations can interact in meaningful ways. Habermas's (1987, p. 135) perception of the lifeworld as a site for 'consensus formation that rests in the end on the authority of the better argument' and as a 'naïve familiarity with an unproblematically given background' (Habermas, 1987, p. 130) is mirrored by Broadbent and Laughlin's (2013) conception of interpretative schemes as 'shared fundamental assumptions' (Laughlin, 1991, p. 212).

Habermas (1987) perceives that the beliefs and competences of the lifeworld are also subject to redefinition due to successful communicative action. Habermas does not contend that the lifeworld determines the actions and beliefs of social actors. Rather, it is seen to constrain them via 'the solidarities of groups integrated via norms and values and the competences of socialized individuals' (Habermas, 1987, p. 135). Power and Laughlin (1996, p. 444) suggest that interpretative schemes operate in a similar way in organizations by providing the 'normative context within which culture, tradition and identity can be reproduced'.

Broadbent and Laughlin (2013) also refine Habermas's concept of steering media. The Habermasian steering media of money and power provide the links between the lifeworld and the economic system (or market) and the political system (or state), respectively. Systems offer 'pre-established patterns of actions that simplify interactions between social actors and 'help hold society together' (Finlayson, 2005, p. 88). For Habermas (1987), steering media offer a basis by which the operation of these systems can be guided and controlled in ways that reflect the demands of the lifeworld. Broadbent and Laughlin's (2013) design archetypes are not simple translations of the Habermasian notion of steering media. For Broadbent and Laughlin (2013), steering media are societal institutions such as national governments, regulatory bodies and the judiciary. Habermas's concepts of money (in the economic system) and power (in the political system) are redefined as steering mechanisms. It is these steering mechanisms, rather than steering media, that Broadbent and Laughlin (2013) portray as design archetypes in organizational contexts. These design archetypes operate in the context of steering media, can be either relational or transactional in nature and provide the mechanisms that link organizational interpretative schemes and subsystems. Accounting is one of these linking mechanisms (Broadbent and Laughlin, 2013).

Broadbent and Laughlin's (2013) organizational subsystems reflect the Habermasian concept of systems. Whereas Habermas identifies just two systems (the economic system and the political system), Broadbent and Laughlin's (2013) modified framework includes a range of subsystems. As in Habermasian colonization theory, Broadbent and Laughlin (2013) conceptualize subsystems as providing patterns of action that allow for the simplification of interactions and relationships between organizational participants. Examples include systems for budgeting and for financial performance management: all allow for interaction and should also facilitate coherence and control (Broadbent and Laughlin, 2013).

Habermasian colonization has effects at both societal and individual levels: Habermas referred to these effects as pathologies. Habermasian pathologies manifest in the roles, behaviour and actions of social actors in both lifeworld and systems. A body of work by Forester (1985; 1993), Kemp (1985), Thomassen (2010), Innes and Booher (2015), Oakes and Berry (2009) and Oakes and Oakes (2016) translates these pathologies into organizational symptoms. Both Habermas's pathologies and their translation into organizational symptoms of colonization are considered in chapter four.

Accounting disturbances

Far from being a mere translation of terminology and reworking of elements of Habermas's social ontology, Broadbent and Laughlin's (2013) modified framework of Habermasian colonization reflects the scope and significance of accounting as a design archetype. Accounting processes are seen to codify flows of money in and between organizations. For Habermas, the steering media of law 'stands in priority to... those of money and power' (Power and Laughlin, 1996, p. 457). Power and Laughlin (1996), Broadbent and Laughlin (2009) and Broadbent and Laughlin (2013) argue that money is of greater importance as a design archetype:

There is no more powerful steering mechanism than money to ensure that the... lifeworld demands are met by those given the task to achieve these requirements (the systems or organizations or parts of the organization). It is for this reason that... intentions are invariably expressed in and through the 'pure instrument' of money (Broadbent and Laughlin, 2009, p. 292)

Like Habermas's view of the steering media of money and power in his social ontology, accounting is seen to provide an apparatus for interactions between and patterns of behaviour by individuals in organizations (Broadbent and Laughlin, 2013): organizational subsystems are linked to interpretative schemes using accounting practices. For Broadbent and Laughlin (2013), the use of accounting as a design archetype allows organizational values to be articulated with clarity and measurability. Examples include the allocation of resources to organizational activities using budgets and the reporting of organizational performance using financial statements. Budgeting can be used to codify organizational objectives, expectations and priorities; financial performance management systems and financial reporting requirements codify accountability requirements and relationships within and between organizations.

Broadbent, Laughlin and Read (1991, p. 9) see accounting disturbances as organizational 'pathways', 'kicks' or 'jolts' (Laughlin, 1991, p. 1). In accounting colonization, these disturbances are accounting techniques and processes that are used to mediate expectations within and between organizations. Accounting disturbances can lead to accounting colonization; the instrumental reasoning of subsystems is able to encroach on and displace the communicative reasoning that should take place in interpretative schemes:

Colonization involves the accounting control... steering mechanisms being internalized in such a way that they cause a forced change in the interpretative schemes of an organization (Broadbent and Laughlin, 2013, p. 239)

Accounting disturbances can also be used as mechanisms by which the behaviour of organizational participants can be monitored and controlled. Examples include the general practitioner (GP)²¹ fundholding policy that was introduced following the National Health Service and Community Care Act 1990. This policy allowed GPs to exercise delegated financial control over funding for primary care services and to 'purchase' defined secondary healthcare²² services from other organizations. The role of accounting in GP fundholding was to expedite changes to the nature of interactions within and between individuals and organizations.

Relational and transactional design archetypes (Broadbent and Laughlin, 2013)

Broadbent and Laughlin's (2013) refinement of Habermasian colonization theory includes both a translation of terminology and the development of aspects of Habermas's social ontology. For Broadbent and Laughlin (2013), Habermas's steering media are both renamed and refined for application in organizational settings. As noted earlier in this chapter, Broadbent and Laughlin's (2013) design archetypes operate in the context of steering media to supply the mechanisms that link interpretative schemes and subsystems. For Broadbent and Laughlin (2013), accounting has the scope to be a powerful organizational linking and steering process.

As a design archetype, accounting provides for the codification of money flows within and between organizations. Power and Laughlin (1996), Broadbent and Laughlin (2009) and Broadbent and Laughlin (2013) contend that accounting has the scope to create organizational disturbances of the type noted by Laughlin (1991). The impact of these accounting disturbances is derived from the clarity and measurability that they offer to the expression of organizational values and the way in which they allow for the codification of these values within and between organizations.

Broadbent and Laughlin's (2013) distinction between relational and transactional design archetypes is analogous to that made between the Habermasian concepts of communicative reasoning and instrumental reasoning, respectively. Transactional design archetypes reflect means to an end reasoning. Such instrumental reasoning is typified by objectives that are determined antecedently and independently of their means of realization. Social actors must undertake a causal intervention in the objective world to realize the action itself (Habermas, 1984). The 'egocentric' (Habermas, 1987, p. 285) and freedom-reducing nature that is inherent in

²¹ Generalist medical practitioners in the UK; GPs treat common medical conditions and refer patients to hospitals and other medical services for specialist or urgent treatment.

²² Healthcare that is provided by specialists or in a specialist facility following referral by a primary care professional.

transactional design archetypes mean that they are likely to cause greater accounting disturbances than their relational counterparts.

Laughlin (1991) and Broadbent and Laughlin (2013) utilize case studies by Dent (1991) that offer evidence of the potential impact of transactional design archetypes. The role of accounting was deliberately shifted from one that was used to allow for inter and intra organizational negotiation to one of internal cost apportionment and of performance measurement as a basis for funding decisions (Dent, 1991). Interactions between organizational participants came to be characterized by instrumental reasoning. This newly established visibility was founded on the clarity and measurability that are typical of transactional design archetypes. Accounting processes such as funding based on outputs, cash limited budgets and quantitative controls on financing arrangements are typical of this form of design archetype.

In contrast to transactional design archetypes, those that are relational are developed via discourse and are contingent on meaningful interaction between social actors. Steering mechanisms of this type reflect the Habermasian concepts of communicative reasoning and communicative action: communicative action is oriented towards the achievement of mutual understanding between individuals (Thomassen, 2010). The introduction of relational design archetypes rests on agreement and consensus amongst organizational participants; discussions provide for the framing of the purposes to which accounting techniques might be applied in organizations. For Power and Laughlin (1996) and Broadbent and Laughlin (2009), the application of relational design archetypes requires meaningful interaction between individuals and the achievement of mutual understanding. Relational design archetypes also reflect a concern with long term organizational survival and sustainability (Broadbent and Laughlin, 2009).

Broadbent, Jacobs and Laughlin (2001) support Broadbent and Laughlin's (2009) argument that accounting disturbances that arise from transactional design archetypes have greater organizational impact than those that are relational. Findings by Dent (1991), Broadbent, Jacobs and Laughlin (1991) and Broadbent and Laughlin (1998) suggest that the use of such steering processes has the scope to exert 'dominant' Dent (1991, p. 708) economic pressure within and between organizations. The creation of transactional relationships between outputs and funding flows was found to create organizational disturbances for many GPs following the introduction of a new contracting arrangements in the primary healthcare sector (Broadbent, Jacobs and Laughlin, 1991). As well as providing for clarity and measurability, transactional design archetypes are usually imposed on organizational participants: Broadbent and Laughlin (2009) and Carter and Mueller (2006) identify the imposition of payments-by-results funding transfers and the forced

‘asset stripping’ of organizations (Carter and Mueller, 2006, p. 979) as examples of accounting techniques that possess this transactional nature. Such imposition means that transactional design archetypes are more commonly associated with coercion than their relational counterparts. The direct or quasi-transactional nature of these accounting mechanisms provide for the clarity, measurability and mediation of values of the type noted by Power and Laughlin (1996), Broadbent and Laughlin (2009) and Broadbent and Laughlin (2013).

Behavioural responses to accounting disturbances

Broadbent and Laughlin (2013) identify five behavioural responses to accounting disturbances. These behavioural responses manifest as organizational micro-practices. Evidence of these responses is presented in the literature on the empirical study of Habermasian accounting colonization *e.g.* Broadbent *et al.* (1994), Broadbent, Laughlin and Willig-Atherton, (1994), Laughlin and Broadbent (1994), Broadbent and Laughlin (1998), Broadbent, Jacobs and Laughlin (2001), Broadbent, Gill and Laughlin (2008), Campanale and Cinquini (2016), Oakes and Oakes (2016) and Masquefa, Gallhofer and Haslam (2017). Some of these studies are situated, wholly or in part, in the schools’ sector *e.g.* Broadbent, Laughlin and Willig-Atherton (1994) and Broadbent and Laughlin (1998). Others, such as Broadbent, Jacobs and Laughlin (2001), Broadbent, Gill and Laughlin (2008), Oakes and Berry (2009), Oakes and Oakes (2016) and Masquefa, Gallhofer and Haslam (2017) are situated in alternative settings. Nevertheless, all offer insights into the nature of accounting colonization and of the organizational micro-practices that arise due to accounting disturbances.

Notwithstanding the postulates of rebuttal and evolution as behavioural responses to accounting colonization that are included in Broadbent and Laughlin (2013) and works that suggest that accounting need not always be coercive (Campanale and Cinquini, 2016) or negatively construed (Masquefa, Gallhofer and Haslam, 2017), evidence from much of the literature divides between the behavioural responses of coercive colonization and resistance. Broadbent and Laughlin’s (2013) behavioural responses to accounting disturbances are summarized in Table 2:

Table 2: Broadbent and Laughlin (2013) responses to accounting disturbances

Behavioural response		Behavioural response exemplified by
Coercion	Coercive colonization	Rapid and forced implementation by a specialist work group. Change to interpretative schemes
Resistance	Reorientation through boundary management	Creation of a specialist work group that is involved in the perceived 'real' work of the organization. No change to interpretative schemes
	Reorientation through absorption	Creation of a specialist work group that is 'budded off' from the core of the organization. No change to interpretative schemes
	Rebuttal	Outright rejection of accounting disturbance. No change to interpretative schemes
	Evolution	Gradual and discursive acceptance (sometimes after an initial period of resistance). Change to interpretative schemes

Source: Author

For Broadbent and Laughlin (2013), behavioural responses to accounting disturbances range from coercive colonization to evolution. Drawing on the work of Smith (1982) and Robb (1988), Laughlin (1991) classifies coercion and evolution as second-order change pathways. Reorientation through boundary management, reorientation through absorption and rebuttal, respectively, are forms of first-order change (Laughlin, 1991). First-order change does not lead to change to interpretative schemes. Such change types are morphostatic (Smith, 1982): they make 'things... look different while remaining basically as they have always been' (Smith, 1982, p. 318). As forms of second-order change, coercion and evolution are morphogenic and lead to a 'new model... when new processes are instituted to achieve the new objectives entailed by the new model' (Robb, 1988, p. 4).

Notwithstanding a recognition that these forms of change are 'simplified' and 'could have many stopping points and diversions along the way' (Broadbent and Laughlin, 2013, p. 87) and an acknowledgement in parts of the literature *e.g.* Laughlin (1991), Power (1991) and Masquefa, Gallhofer and Haslam (2017) of a potential for different behavioural responses to emerge, Broadbent and Laughlin's (2013) typology reflects a distinction between coercion and resistance as principal forms of behavioural response to accounting disturbances. Organizational interpretative schemes are seen to change due to coercion or voluntarily via evolution; the principal alternative is resistance via either reorientation (either through boundary management or through absorption) or rebuttal.

Coercive colonization

For Broadbent and Laughlin (2013), coercive colonization (alongside reorientation through absorption) is the most common behavioural response to an accounting disturbance. Accounting colonization is perceived to rest on the 'power and ability' (Broadbent and Laughlin, 2013, p. 239) of those who are seeking to use an accounting disturbance to affect organizational change. For Broadbent and Laughlin (2013), accounting colonization is almost always a coercive process.

Similarity between the characteristics of colonization and both types of reorientation can be found in the empirical research: all are seen to depend on the actions of a specialist work group. However, whilst both reorientation through boundary management and reorientation through absorption are predicated on a primary motivation to protect the existing interpretative schemes of the organization, Broadbent and Laughlin (2013) suggest that coercive colonization can be differentiated from these responses due to three key distinctions:

- (1) Coercive colonization is a form of second-order change and leads to a change to the interpretative scheme (and possibly to the design archetypes and subsystems) of an organization;

In contrast, reorientation through boundary management and reorientation through absorption are forms of first-order change and do not entail changes to interpretative schemes. When compared to evolution as another form of second-order change, coercive accounting colonization is seen as extreme in nature, 'revolutionary' rather than gradual, and 'likely to be subject to considerable resistance' (Broadbent and Laughlin, 2013, p. 240). As noted by Masquefa, Gallhofer and Haslam (2017, p. 61), coercive colonization is not chosen by most organizational participants and 'engenders major shifts in the very heart of what constitutes the organization'.

Accounting colonization, as summarized by Broadbent and Laughlin (2013), is an extreme and coercive process and is often resisted strongly. Evidence from the literature points to a second key characteristic that distinguishes coercive colonization from reorientation:

- (2) Changes to interpretative schemes due to coercive colonization can be extreme, rapid and may need to overcome strong resistance, and;

Finally, Broadbent and Laughlin (2013) highlight the importance of specialist work groups in colonization and the nature of the influence that is exercised by these groups. Accounting

colonization is a coercive phenomenon by which to achieve 'forced change' (Broadbent and Laughlin, 2013, p. 239) in an organization. Such coercion is driven by accounting techniques and mechanisms that are used to deliver 'pathways' in or 'kicks' or 'jolts' to organizations (Laughlin, 1991, p. 1). Accounting is used as a means with which to control the allocation of financial resources on both inter-organizational and intra-organizational bases. Hence, the third key distinction between coercive accounting colonization and the other behavioural responses to accounting disturbances that emerges from the literature is:

- (3) The use of accounting by a specialist work group, typically involving the use of accounting techniques that are used to control the allocation of financial resources between or within organizations.

As discussed earlier in this chapter, evidence from the literature provides some confirmation of Broadbent and Laughlin's (2009) argument that accounting disturbances that are based on transactional design archetypes have greater organizational impact and potential to lead to accounting colonization than those that are relational. These transactional design archetypes often inform inter-organizational interactions: examples include the determination of funding flows between entities. Dent (1991) demonstrates how accounting disturbances can be used to drive change to organizational micro-practices: accounting processes were seen to offer a means by which 'resistance can be swept aside without direct confrontation' (Broadbent and Laughlin, 2013). Broadbent, Jacobs and Laughlin (2001) highlight how the use of transactional design archetypes precluded the behavioural response of rebuttal following the introduction of a new contract for GPs: failure to comply with the new accounting processes would have led to a withdrawal of funding. Accounting disturbances arising from structural and financial reporting changes in the software industry were considered to have led to coercive or 'stronger' colonization in Masquefa, Gallhofer and Haslam (2017). To this extent, organizational participants can be coerced into compliance with the new accounting techniques.

Broadbent and Laughlin's (1999, p. 108) examination of the impact of the private finance initiative (PFI)²³ 'on the actual behaviour' of individuals in organizations provides further illustration of accounting colonization as a coercive process. The use of PFI as a *fait accompli* for the funding of capital projects (Broadbent, Jacobs and Laughlin, 2001) legitimated the use of particular accounting mechanisms and militated against the emergence of alternative behavioural

²³ Contractual arrangements whereby private firms complete and manage publicly funded projects. Introduced in the UK in 1992.

responses to the use of those techniques. The existence of transactional links between and within organizations should, *inter alia*, offer greater scope for coercive colonization. Laughlin (1991) notes that, in the cases examined by Dent (1991), such change cannot be attributed exclusively to the effects of accounting disturbances. Still, the process by which the use of accounting techniques contributed to forced change to organizational interpretative scheme is a key feature of accounting colonization as a coercive phenomenon.

Evidence of coercive accounting colonization can also be found in both Dillard and Yuthas (2006) and Carter and Mueller (2006). The introduction of an enterprise resource planning²⁴ system in a medium-sized manufacturing organization provides the focus and setting for Dillard and Yuthas's (2006) study: accounting disturbances were used to compel changes to job definitions, de-skill some job roles and redistribute the power to control financial resources. Accounting was used to 'block efforts to critique or resist' the 'massive downsizing' that was forced on the organization (Dillard and Yuthas, 2006, p. 218). Change was also coercively enacted by using accounting disturbances to mediate new expectations within the organization. Accounting steering mechanisms were used to 'not only regulate the activities of the regulated, but [to] play a role in constituting the actor and the values and interests that govern the lifeworld' (Dillard and Yuthas, 2006, p. 214). The resultant second-order change can be found in changes to interpretative schemes due to these transactional steering mechanisms:

The lifeworld interests and values shared by the social group, normally sustained through ongoing discursive engagement, begin to give way to the corporate vision embedded within the processes and reports of the ERP (Dillard and Yuthas, 2006, p. 218).

It should be noted that Habermasian accounting colonization is not the focus of Carter and Mueller (2006). However, some evidence of coercion emerges: accounting colonization is identified in the sense of the effect of accounting as a 'language game' and as a means by which changes to 'interpretative schemes' can lead to forced changes to organizational micro-practices (Carter and Mueller, 2006, p. 970). The pervasive impacts of accounting techniques and accounting-based ideologies in forced organizational change (Carter and Mueller, 2006) are seen as the equivalent of coercive accounting colonization. As with Dent (1991) and Dillard and Yuthas (2006), Carter and Mueller (2006, p. 981) provide evidence of the use of accounting disturbances in allowing managers to construct '[new] subjectivities of themselves' and to utilize the 'dominant logic' of accounting (Carter and Mueller, 2006, p. 969) to compel a redesign of the organization.

²⁴ The use of a single database throughout an entire organization to provide for the integrated management of core organizational processes.

The literature on accounting colonization as a coercive process is marked by a pejorative tone that can be found in descriptions of both the effect of accounting disturbances and the reactions of organizational participants thereto. Individuals who did not conform readily to the use of new accounting techniques are referred to disparagingly as 'barons' (Dent, 1991, p. 721); accounting is viewed as a vehicle by which 'attacks' (Dent, 1991, p. 724) can be made on existing interpretative schemes and organizational micro-practices; Carter and Mueller (2006, p. 979) use phraseology such as 'asset stripping' to portray the impact of accounting disturbances. Dillard and Bricker's (1992, p. 214) investigation of the role of expert systems in 'eliminating conversation' in the exercise of professional judgement by auditors reflects a similarly critical perspective on the impact of accounting disturbances. Accounting is seen to cast a 'long shadow on society' (Carter and Mueller, 2006, p. 968).

Power's (1991) ethnography of the process of professional accounting education shares the pejorative tone of Dent (1991), Dillard and Bricker (1992) and Carter and Mueller (2006). The influence of professional accounting education on the values of both tutors and students are considered to be a process of Habermasian colonization (Power, 1991). Examples include reference to the 'shock' (Power, 1991, p. 340) experienced by new trainees and the 'erosion' (Power, 1991, p. 351) of their communicative potentiality due to a need to conform to educational and professional demands. Whilst Power (1991) does not examine the effects of accounting disturbances in the same organizational context as that used in much of the existing empirical research, he does offer additional illustration of the negative discourse that can often surround accounting disturbances and behavioural responses thereto.

Reorientation through boundary management

Unlike coercive colonization, the behavioural response of reorientation through boundary management is classified by Broadbent and Laughlin (2013) as a form of first-order change: it does not lead to a change to organizational interpretative schemes. Although the protection of the organization's existing interpretative scheme is the primary motivation of reorientation through boundary management, this behavioural response is seen to be located 'somewhere between the colonization and reorientation through absorption alternatives' (Broadbent and Laughlin, 2013, p. 214). The distinction between reorientation through boundary management and reorientation through absorption lies in two key factors: the involvement of a specialist work group in the core activities of the organization, and; a tendency for this behavioural response to emerge due to accounting disturbances that are based on transactional design archetypes.

Reorientation through boundary management depends on the involvement of a specialist work group. Such specialist work groups typically comprise individuals who occupy senior positions in the organization (Broadbent and Laughlin, 1998; Broadbent and Laughlin, 1999; Broadbent and Laughlin, 2004; Broadbent, Gill and Laughlin, 2008; Broadbent, 2011). In contrast to reorientation through absorption, specialist work groups that are created as part of reorientation through boundary management maintain an involvement in the core work of the organization. Llewellyn (1994, p. 17) describes these groups as acting as ‘gatekeepers’ to the fundamental activities of the organization. In reorientation through boundary management, accounting steering mechanisms are coupled to the ‘real’ work of the organization. Specialist work groups are created to address the impacts and consequences of an accounting disturbance. Their involvement in the core work of the organization exposes interpretative schemes to change that can, ultimately, be coercive (Broadbent and Laughlin, 2013).

Evidence of this behavioural response can be found in several studies by Broadbent and Laughlin *e.g.* Broadbent and Laughlin (1998), Broadbent and Laughlin (1999), Broadbent and Laughlin (2004), Broadbent, Gill and Laughlin (2008) and Broadbent (2011). Each offers an insight into the nature of the specialist work groups that emerge as part of reorientation through boundary management. Broadbent and Laughlin (1998, p. 413) argue that the new contracting arrangements between providers and funding bodies in the primary healthcare sector²⁵ were used to deliberately ‘change the ethos’ of general practice. Senior GPs are identified as key organizational participants in the specialist work groups that were created to address these accounting disturbances; their proximity to the core work of the organization is perceived to be typical of the specialist work groups created as part of reorientation through boundary management.

Kurunmaki (2004), Jacobs (2005), Ostergren (2009) and Nyland, Morland and Burns (2017) highlight the second reason why reorientation through boundary management creates an increased risk of accounting colonization: typically, this behavioural response emerges as a reaction to the use of transactional design archetypes. This type of design archetype utilizes the clarity and measurability of accounting. The freedom-reducing nature of the accounting disturbances that result creates an increased risk of accounting colonization. The link between the specialist work group and the heart of the organization increases the likelihood that these

²⁵ Care that is provided in community settings. Patients make an initial approach, typically to a general practitioner, for advice, treatment or referral to other services.

transactional design archetypes will affect interpretative schemes (Broadbent and Laughlin, 2013).

Whilst Kurunmaki (2004), Jacobs (2005), Ostergren (2009) and Nyland, Morland and Burns (2017) do not focus on Habermasian accounting colonization and its effects, their work can be used to elucidate the evidence of reorientation through boundary management that is provided by Broadbent and Laughlin (1998), Broadbent and Laughlin (1999) and Broadbent, Jacobs and Laughlin (2001). Kurunmaki (2004) considers the impact of accounting on the medical profession in Finland. Jacobs (2005) extends the investigation of this impact and responses to accounting disturbances, by drawing on fieldwork in other countries. Further exploration is developed in Ostergren's (2009) and Kastberg and Siverbo's (2016) studies of the relationship between management control techniques, including accounting steering mechanisms, and clinical leadership in Norway and Sweden, respectively. All emphasize the scope for accounting disturbances to affect the organization due to reorientation through boundary management as a result of the connection of members of specialist work groups to the core activities of the organization.

Broadbent (2011) and Broadbent and Laughlin (2013) consider the exposure of the core of the organization to accounting disturbances as similar to the 'process of hybridisation' that is noted as a response to accounting disturbances by Kurunmaki (2004, p. 343). Hybridization is seen as a consequence of accounting techniques having become 'part of the repertoire of hospital doctors' (Kurunmaki, 2004, p. 40). In relation to the key features of reorientation through boundary management in Broadbent and Laughlin (1998), Broadbent and Laughlin (1999), Broadbent and Laughlin (2004), Kurunmaki (2004) and Broadbent, Gill and Laughlin (2008) contend that this behavioural response also depends on the perception of accounting as a set of transferrable techniques, rather than as an abstract body of knowledge. If accounting is perceived as the former, then accounting disturbances are seen to be easier to address using reorientation through boundary management (Kurunmaki, 2004).

Jacobs (2005) develops Kurunmaki (2004) by exploring the generalizability of findings in Finland to circumstances in the UK, Germany and Italy. Like Kurunmaki (2004), transactional design archetypes are seen to engender reorientation through boundary management. Limited evidence of hybridization (Kurunmaki, 2004) was apparent: the principal response to accounting disturbances in all three settings is defined as one of 'polarization' whereby 'a separate sub-group emerges to manage financial and administrative responsibilities, leaving the fundamental values and practices of the wider profession unchanged' (Jacobs, 2005, p. 135). Polarization is similar to

Broadbent and Laughlin's (2013) concept of reorientation through boundary management since the members of the sub-groups noted in Jacobs (2005) typically occupied senior organizational roles. Similar findings are reported by Kastberg and Siverbo (2016): accounting has limited impact on the organizational micro-practices of healthcare professionals when a form of reorientation through boundary management is applied. Like Kurunmaki (2004) and Kastberg and Siverbo (2016), both Jacobs (2005) and Nyland, Morland and Burns (2017) suggest that reorientation through boundary management was more likely to be successful where accounting is perceived to be a set of techniques and processes, rather than as an abstract body of knowledge.

As with Kurunmaki (2004) and Jacobs (2005), Ostergren (2009) identifies responses to accounting disturbances that are similar to Broadbent and Laughlin's (2013) reorientation through boundary management. For Ostergren (2009, p. 192), these responses are characterised by a 'belief in the budget system and budgetary processes': this interpretation appears closer to colonization and is somewhat at odds with Kurunmaki's (2004) conception of hybridization, Jacob's (2005) notion of polarization and Kastberg and Siverbo's (2016) findings on the lack of impact on the operational activities of healthcare professionals in Sweden.

Ostergren (2009) considers that the nature of any behavioural response to accounting disturbances is influenced by the way in which accounting is used as part of a management control system (Simons, 1995). Diagnostic control reflects the conventional view of organizations as rational systems whereby transactional processes are used to relate inputs to outputs and active interventions can (and should) be applied when variances in performance occur. Interactive control reflects an emphasis on formal and informal dialogue as part of control activities. For example, diagnostic controls use budgeting and budgetary control to reveal variances and place a focus on action to correct such variances: such diagnostic controls reflect aspects of the transactional design archetypes conceptualized by Broadbent and Laughlin (2013). Behavioural responses that reflect reorientation through boundary management emerge as a response to the use of accounting as part of diagnostic rather than interactive control (Ostergren, 2009).

Despite the semantic differences between the concepts of hybridization and polarization and those in Broadbent and Laughlin (2013), Kurunmaki (2004), Jacobs (2005), Ostergren (2009) and Nyland, Morland and Burns (2017) share the view that behavioural responses to accounting disturbances that are based on transactional design archetypes are characterized by the use of specialist work groups. These groups are also seen to comprise senior organizational participants. As noted by Broadbent (2011) in the context of higher education, those that are included in the specialist work groups that are used in reorientation through boundary management possess

knowledge and experience of the core activities of the organization. Whilst this knowledge can be crucial to the success of reorientation through boundary management, it is also considered to create the scope for this behavioural response to affect interpretative schemes and, potentially, to develop into coercive colonization or evolution. Whilst the members of specialist work groups can help to protect the organization from the effects of transactional design archetypes, their exposure to accounting disturbances and their proximity to the heart of the organization can lead to second-order change (Broadbent, 2011; Broadbent and Laughlin, 2013).

Reorientation through absorption

Reorientation through absorption (alongside colonization) is the most common behavioural response to accounting disturbances (Broadbent and Laughlin, 2013). Unlike reorientation through boundary management, this behavioural response is typified by a specialist work group that is distinct from the core of the organization. Rather than exposing the 'real' work of the organization to an accounting disturbance via continued involvement in its key activities, reorientation through absorption seeks to protect the extant organizational interpretative scheme by maintaining a separation of core activities from the effects of accounting disturbances. The lack of involvement of organizational participants that are engaged in the core activities of the organization offers greater protection from accounting colonization (Broadbent and Laughlin, 2013).

A body of work by Broadbent and Laughlin *e.g.* Broadbent *et al.* (1993), Broadbent *et al.* (1994), Broadbent, Laughlin and Willig-Atherton (1994), Laughlin and Broadbent (1994), Broadbent and Laughlin (1998) and Broadbent, Jacobs and Laughlin (2001) offers empirical evidence of reorientation through absorption. Jones and Dewing (1997), Gurd (2008) and Oakes and Berry (2009) provide further insights into this behavioural response. The literature suggests that reorientation through absorption is characterized by four key features. Broadbent and Laughlin (2013) summarize these features as:

- (1) The 'budding off' of a specialist work group. The aim of such groups is to 'deal with the unwanted anxiety-generating... accounting control disturbance' (Broadbent and Laughlin, 2013, p. 216);
- (2) Reorientation through absorption can be complex: its aim is to manage accounting disturbances in a way that protects the core of the organization and its existing interpretative scheme;

- (3) The nature of a specialist work group and the probability of its success depends on the relative intrusiveness of accounting disturbances; and
- (4) Reorientation through absorption is often dynamic, uncertain and can develop into other forms of behavioural response.

Evidence of reorientation through absorption is prevalent in studies that are situated in the schools' sector (Broadbent *et al.*, 1993; Broadbent *et al.*, 1994; Broadbent, Laughlin and Willig-Atherton, 1994; Laughlin and Broadbent, 1994; Broadbent and Laughlin, 1998). Additional evidence of this type of response in schools, albeit using a different theoretical framework, is provided by Tooley and Guthrie (2007). The importance of headteachers in specialist work groups that are created as part of this behavioural response is a consistent feature of the findings from these studies. For example, Broadbent *et al.* (1993, p. 171) contend that headteachers are the 'principal decision makers' in these groups; they are seen as an 'initial butt of all environmental disturbances' (Broadbent and Laughlin, 1998, p. 417). This contrasts with evidence from the primary healthcare sector: headteachers, unlike GPs, are not usually involved in the 'real' work (*i.e.* teaching) of their organization (Broadbent and Laughlin, 2013). The involvement of GPs in specialist work groups in the primary healthcare sector led to reorientation through boundary management, rather than the reorientation through absorption that predominates in the schools' sector (Broadbent and Laughlin, 1998; Broadbent and Laughlin, 1999; Broadbent and Laughlin, 2004; Broadbent, Gill and Laughlin, 2008).

Removal from the direct work of teaching is viewed as a mechanism by which micro-practices at the heart of the organization can be protected from the impact of accounting disturbances (Broadbent and Laughlin, 2013). The 'budding off' of a specialist work group (that may include a headteacher) is the 'most obvious' (Broadbent *et al.*, 1993, p. 155) and 'overwhelming' (Broadbent *et al.*, 1994, p. 60) behavioural response to accounting disturbances in the schools' sector. Further detail on the role of headteachers in these groups is developed by Broadbent *et al.* (1994) and summarized in Table 3:

Table 3: Types of headteacher in response to the LMS (Broadbent et al., 1994)

Type of headteacher	Orientation	Involvement with the LMS	Features
Absorber: soaker-sinker	Strong people	Full	Seeks to insulate staff from accounting disturbance
Absorber: informer-involver	Medium people	Strong, but not full	Seeks to insulate, but recognizes the need to delegate
Absorber: autocrat	Medium task	Full	Seeks to insulate via an extension of existing autocracy
Absorber: wheeler dealer	Medium task	Full	Potentially causes tensions with staff and governors
Managerial: entrepreneurial	Strong task	Full	Accounting culture: 'maverick' behaviour, tensions
Managerial: educational	Medium task	Low, but not distant	Educational culture, but potential financial impetus: tensions
Managerial: pastoral	Low people	Distant	Accounting is peripheral: delegates responsibility for accounting
Informer-involver	Medium people	Medium	Seeks to insulate using a 'delicate balancing'

Source: Broadbent et al (1994, p. 70)

Broadbent *et al.* (1994) recognize that this typology is neither definitive nor absolute as a representation of the role of headteachers in the groups that are created as part of reorientation through absorption. Nevertheless, it is useful in understanding the nature of this behavioural response in the schools' sector because, as asserted by Broadbent *et al.* (1994, p. 69) 'to understand the nature and design of the absorbing small group it is first necessary to appreciate the type of headteacher involved'.

The complexity of reorientation through absorption is highlighted in Broadbent, Laughlin and Willig-Atherton (1994) and Laughlin and Broadbent (1994). The changing nature and role of budgeting in the schools' sector provides the focus for Broadbent, Laughlin and Willig-Atherton (1994). Arrington and Schweiker's (1992) work on the use of rhetoric in the presentation and acceptance of knowledge is used to explain a change from a quantitative and 'private' role for

accounting to one that is more qualitative and 'public' in nature. As discussed in chapter two, Broadbent, Laughlin and Willig-Atherton's (1994), 'private' accounting activities are typified by 'housekeeping' duties (Broadbent, Laughlin and Willig-Atherton, 1994, p. 261) such as cash collection and record keeping for fund-raising activities; 'public' accounting activities reflect an emphasis on financial accountability and control and include budget preparation, budgetary control and financial reporting (Broadbent, Laughlin and Willig-Atherton, 1994).

Like the literature on colonization and reorientation through boundary management, there is evidence that the nature of accounting disturbances can influence the development of particular behavioural responses and organizational micro-practices. Transactional design archetypes were not as evident in the schools' sector as in general practice: as discussed earlier in this chapter, evidence from the body of work on accounting colonization confirms that accounting disturbances that are based on transactional design archetypes have greater organizational impacts than those that are relational *e.g.* Broadbent, Jacobs and Laughlin (2001), Broadbent and Laughlin (2009) and Ostergren (2009). Accounting steering mechanisms that reflect such design archetypes are more likely to lead to coercive colonization.

In contrast to the reorientation through boundary management that emerges in primary healthcare, a more complex process of absorption is considered to have emerged in the schools' sector (Laughlin and Broadbent, 1994; Broadbent, Jacobs and Laughlin, 2001; Broadbent and Laughlin, 2013). For example, clinicians in secondary healthcare were able to 'distance themselves from financial control and to delegate it to their [administrative staff]' (Jones and Dewing, 1997, p. 271). Accounting disturbances that were not grounded in transactional design archetypes were addressed by specialist work groups that were distinct from the core work of the organization. Both Jones and Dewing (1997) and Broadbent and Laughlin (2009) argue that reorientation through absorption in the secondary healthcare and schools' sectors, respectively, emerged due to the nature of the accounting disturbances to which organizations were exposed. The literature suggests that reorientation through absorption is less likely to arise as a behavioural response if accounting disturbances are based on transactional design archetypes. Such accounting disturbances are more likely to engender reorientation through boundary management (Broadbent and Laughlin, 1998; Broadbent and Laughlin, 1999; Broadbent and Laughlin, 2004; Broadbent, Gill and Laughlin, 2008).

Broadbent and Laughlin (1998) consider both the complexity of reorientation through absorption and the impact of accounting disturbances as the determining factors of behavioural responses. Two key developments distinguish Broadbent and Laughlin (1998) from preceding pieces of work

e.g. Broadbent *et al.*, (1993), Broadbent *et al.*, (1994), Broadbent, Laughlin and Willig-Atherton (1994), and Laughlin and Broadbent (1994):

- (1) The precise composition of specialist work groups in this behavioural response and the reactions to accounting disturbances are examined and developed in greater depth; and
- (2) An insight is provided into the fourth characteristic of reorientation through absorption: this form of reorientation is dynamic, uncertain and has the potential to develop into other forms of behavioural response.

A typology of the nature and role of specialist work groups in reorientation through absorption is provided by Broadbent and Laughlin (1998) and reproduced in Table 4:

Table 4: Relationships between the nature of accounting disturbances, absorbing groups and possible outcomes (Broadbent and Laughlin, 1998)

	Nature of absorbing group		
Nature of perceived disturbance	Fully committed absorbing group	Agnostic absorbing group	Absorbing group with colonizing intentions
Intrusive on interpretative schemes but can be managed	Will absorb	Will absorb	Will absorb but might try to colonize
Increasingly intrusive on interpretative schemes and harder to manage	Will do utmost to absorb but group may need strengthening	Will attempt to absorb but may colonize by default	May use disturbance to attempt to colonize
Very intrusive on interpretative schemes and impossible to absorb	Will try to minimize damage	May colonize through inaction	Will deliberately use disturbance to attempt to colonize

Source: Broadbent and Laughlin (1998, p. 409)

For Broadbent and Laughlin (1998, p. 420) the ‘spill over’ caused by accounting disturbances can place increasingly exacting demands on the specialist work groups that are created as part of reorientation through absorption. In the schools’ sector, membership of these groups typically

includes both headteachers and a cadre of administrative staff (Broadbent and Laughlin, 1998; Broadbent and Laughlin, 2013).

As groups are exposed to accounting disturbances, their composition was found to change. Newly created administrative roles were often added and increasing numbers of teachers became involved. Specialist work groups created as part of reorientation through absorption can ultimately seek to coercively colonize, rather than protect, the organization's interpretative scheme. As noted in Broadbent and Laughlin's (1998) discussion of the changing nature of specialist work groups in the schools' sector, some headteachers:

Of a more managerial persuasion have seen the changes as ones which provide the fuel for a major push on desired managerial change in the education process and on the behaviour of teachers (Broadbent and Laughlin, 1998, p. 430)

Broadbent and Laughlin (1998) also contend that Ofsted inspection and 'league tables' have greater colonizing potential than accounting steering mechanisms such as budgeting and budgetary control. Similar assertions can be found in a body of literature on behavioural responses to accounting disturbances in the schools' sector (Edwards *et al.*, 1995; 1996; Edwards, Ezzamel and Robson, 2005; Ezzamel *et al.*, 2007; Ezzamel, Robson and Stapleton, 2012). This wider work is considered later in this chapter.

A consensus emerges from the literature on the behavioural response of reorientation through absorption: evidence of the 'budding off' of specialist work groups, the nature of these groups and the scope for accounting disturbances that are based on transactional design archetypes to eventually result in reorientation through boundary management or coercive colonization can be found in several studies. As highlighted by Broadbent and Laughlin (1998), reorientation through absorption is also dynamic and has the scope to unfold into other behavioural responses.

Rebuttal

Rebuttal involves the outright rejection of accounting disturbances (Broadbent and Laughlin, 2013); it can also entail the externalization or deflection of accounting disturbances. The aim of rebuttal is to 'protect and maintain the organizational status quo' (Masquefa, Gallhofer and Haslam, 2017, p. 61). In this behavioural response, organizational participants oppose the use of accounting techniques and their impact. Accounting disturbances are often perceived as anathema to the interpretative scheme of an organization, resulting in an extreme form of resistance.

The literature on the empirical study of accounting colonization is marked by a relative absence of evidence of rebuttal. Broadbent and Laughlin (2013, p. 190) argue that this behavioural response is more commonly predicated on the manipulation of accounting disturbances to make them conducive to extant interpretative schemes. Such manipulation is characterized by attempts to modify the nature of these accounting disturbances as part of policy formulation rather than during its implementation (Broadbent and Laughlin, 2013): accounting disturbances are 'deflected' or 'moulded', rather than directly rebutted, before they are applied. Deflection and moulding, alongside outright rejection, are all seen to be forms of rebuttal as defined by Broadbent and Laughlin (2013).

Laughlin and Broadbent (1994), Broadbent and Laughlin (1998) and Broadbent, Jacobs and Laughlin (2001) present evidence of deflection and moulding as a behavioural response to accounting disturbances. These studies share two features: firstly, they emphasize that other behavioural responses are more common than rebuttal. Secondly, all consider, at least in part, the GP fundholding policy that was introduced following the National Health Service and Community Care Act 1990. Fundholding allowed GPs to exercise delegated financial control over funding for primary care services and to 'purchase' defined secondary care services from other organizations. This policy was seen to contradict one of the key values of the interpretative scheme of the NHS: access to healthcare should be determined by medical need rather than the ability of a patient's GP to purchase secondary care services. The contradiction between these values and the accounting disturbances that were part of the GP fundholding policy led to an attempt to use deflection and moulding to rebut their impact (Laughlin and Broadbent, 1994; Broadbent and Laughlin, 1998; Broadbent, Jacobs and Laughlin, 2001): commissioning groups were established. These groups provided a means by which all GP practices, rather than just GP fundholders, could influence decisions to purchase secondary healthcare. This was seen to be more consistent with existing interpretative schemes. Commissioning groups were subsequently adopted and incorporated into the fundholding policy. In terms of Broadbent and Laughlin's (2013) behavioural responses to accounting disturbances, the original policy was rebutted via deflection and moulding.

Broadbent, Jacobs and Laughlin (2001) recognize that the success of rebuttal depends on the context in which an accounting disturbance is applied. A well-established interpretative scheme, particularly if supported by a strong professional culture, and the broader political context are all considered to be important. A key determinant of the success of any attempt to rebut an accounting disturbance is that deflection or moulding must be justifiable in terms of alignment with existing interpretative schemes (Broadbent and Laughlin, 2013). Broadbent, Jacobs and

Laughlin (2001, p. 566) note how commissioning groups were used as a means with which to deflect and mould the 'financial nature of the changes' and the resultant 'perceived injustices' of fundholding. The role of accounting steering mechanisms in this reform and their effects were perceived to be divergent from the interpretative scheme of the organization: commissioning groups were seen to offer a better alignment to this interpretative scheme. As such, rebuttal was justifiable.

Additional insight into this behavioural response can be found elsewhere in the literature. Direct and successful rebuttal is evident in Masquefa, Gallhofer and Haslam's (2017) study of the behavioural response of research and development engineers to the introduction of a financial control system. Other work does not identify such direct rebuttal as the primary response to accounting disturbances. However, it does amplify the assertions made by Broadbent and Laughlin (1998) and Broadbent, Jacobs and Laughlin (2001) in respect of the nature of successful deflection or moulding. Jones and Dewing (1997) offer some evidence of deflection via a longitudinal study of the introduction of accounting reforms in the UK secondary healthcare sector. Subterfuge and, as highlighted by Broadbent and Laughlin (2001), a well-established and authoritative profession (Jones and Dewing, 1997) are seen as prerequisites of successful rebuttal. Like Jones and Dewing (1997), Broadbent, Laughlin and Jacobs (2001) and Broadbent and Laughlin (2013), Ostergren (2009) notes that rebuttal is rare: this behavioural response is seen as an 'attack on the new system' that is undertaken to deflect the adverse consequences of a reform (Ostergren, 2009, p. 170).

Evidence from Laughlin and Broadbent (1994), Broadbent and Laughlin (1998) and Broadbent, Jacobs and Laughlin (2001) indicates that the efficacy of rebuttal as a behavioural response to accounting disturbances depends on the characteristics of those accounting disturbances: transactional design archetypes often preclude successful rebuttal (Broadbent and Laughlin, 2013). For example, changes to the GP contract in 1990 included the specification of clear transactional links between funding flows and output activities. Reorientation through boundary management, rather than rebuttal, consequently emerged. Successful reorientation through boundary management meant that GPs were able to 'continue practising medicine much as before' (Broadbent, Jacobs and Laughlin, 2001, p. 577).

Evolution

Like colonization, evolution leads to a change to interpretative schemes (Broadbent and Laughlin, 2013). However, as a form of first-order change, evolution contrasts with coercion in that changes are seen to be gradual, incremental and discursive; coercive colonization is characterized by change that is rapid and forced. As with the behavioural response of rebuttal, evidence of evolution in the literature is relatively rare.

Broadbent and Laughlin (2013, p. 205) consider evolution as a 'helpful intervention' and a positive response to accounting disturbances. Similarities can be found between evolution and the concept of enabling accounting (Gallhofer and Haslam, 2003; Masquefa, Gallhofer and Haslam, 2017). This behavioural response can be of benefit if one 'subscribes to an enlightenment perspective on progress' (Laughlin, 1991, p. 223). Broadbent and Laughlin (2013) assert that evolution is predicated on two key factors:

- (1) Since interpretative schemes are by nature somewhat persistent and stable, evolutionary change to these interpretative schemes is gradual and incremental; and
- (2) Like Habermas's ideal speech situation (see chapter four) evolution rests on 'free and open discursive exchange' in the organization (Broadbent and Laughlin, 2013, p. 204)

Evidence of evolution can be found in studies by Gurd (2008), Kurunmaki (2004), Ostergren (2009), Jones and Dewing (1997) and, in some senses, Campanale and Cinquini (2016). Gurd (2008, p. 532) uses a case study approach that illustrates how accounting steering mechanisms can be used to deliver 'positive' aspects of organizational change. Gurd's (2008) evidence indicates that organizational participants can perceive accounting steering mechanisms as progressive and that accounting need not be 'infused with the negative connotations which it received in prior research' (Gurd, 2008, p. 541).

Kurunmaki (2004) and Ostergren (2009) highlight similar indicators of evolution. Whilst neither piece of research applies a Habermasian perspective and both offer greater evidence of other behavioural responses to accounting disturbances, there is an acknowledgement of the 'positive effects' of the use of budgeting amongst some individuals in the secondary healthcare sector in Finland (Kurunmaki, 2004, p. 331). Like Broadbent and Laughlin (2013), both Kurunmaki (2004) and Ostergren (2009) see evolution as a gradual and piecemeal process.

Jones and Dewing (1997) share the view that evolution is relatively rare and, where it does manifest as a behavioural response, gradual. As with much of the rest of the literature, Jones and

Dewing (1997) identify reorientation through absorption as the dominant response to accounting disturbances. The attitudes of clinicians and administrative staff to the use of accounting processes were found to change over time: there was a recognition of the way in which accounting slowly 'shapes attitudes' (Jones and Dewing, 1997, p. 278). As with the evidence of evolution presented by Kurunmaki (2004) and Ostergren (2009), Jones and Dewing (1997, p. 261) recognize that accounting disturbances can be positive by playing a 'modest part in helping medical staff to make sense of events'.

Broadbent and Laughlin (2013) observe that evolution can sometimes arise due to an implicit recognition of the merits of accounting steering mechanisms amongst organizational participants. Evidence of such acceptance can be found in both Kurunmaki (2004) and Ostergren (2009). The former highlights an 'attitude' and 'willingness' (Kurunmaki, 2004, p. 336) amongst medical professionals to adopt and apply accounting techniques as part of their work. Ostergren (2009, p. 192) offers some evidence of a 'belief in the budgetary system and budgetary processes' amongst clinicians when accounting controls and techniques are used in a diagnostic rather than constitutive manner (Ostergren, 2009, p. 192).

A form of evolution is also reported in Campanale and Cinquini (2016). Whilst this study is informed by Oakes and Berry's (2009) developed model of accounting colonization, the concept of reciprocal colonization reflects some aspects of evolution: gradual and subtle change to interpretative schemes is reported amongst some clinicians in the Italian secondary healthcare sector. The reciprocal aspect of this change is reflected in the scope for the interpretative scheme of these clinicians to affect the design archetype of accounting, rather than for accounting to have coercively influenced interpretative schemes. It requires constructive behaviour by organizational participants and a willingness to accept, even if only implicitly, the use of accounting and its impact (Campanale and Cinquini, 2016). The source of an accounting disturbance is also seen to be an important determinant of behavioural responses; those that originate from outside the organization or that provide for direct accountability between an organization and an external entity have greater colonizing potential (Campanale and Cinquini, 2016).

Implicit acceptance of accounting disturbances as a form of evolution is somewhat at odds with Broadbent and Laughlin's (2013) second key feature of this behavioural response. A need for free and open discursive exchange amongst individuals suggests that evolution should be an explicit and overt process. As outlined in this chapter and explained in greater detail in the theoretical framework, communicative action depends on meaningful interaction between social actors: validity claims to truth, normative rightness, intelligibility and sincerity must be capable of being

challenged and, if so, social actors must respond to such challenges with further discourse (Habermas, 1984). The shared values and beliefs that exist in the lifeworld are articulated and challenged through this discursive process: if something as fundamental as an interpretative scheme is to change due to evolution, Habermasian colonization theory suggests that this would need to be an overt and open phenomenon.

Notwithstanding this apparent contradiction, Broadbent and Laughlin's (2013) view of evolution, in actuality, may be gradual and implicit: evolution might not be contingent on open discussion. Tacit changes to interpretative schemes might occur as a part of subtle processes. Both Laughlin (1991) and Broadbent and Laughlin (2013) argue that evolution is counterfactual and only possible under very specific circumstances. This is because accounting disturbances are almost always viewed in a negative context and the organizational conditions for Habermas's ideal speech situation are rare (Broadbent and Laughlin, 2013).

The impact of accounting in the schools' sector

Empirical studies of Habermasian accounting colonization can be delineated from a second body of literature *e.g.* Edwards *et al.* (1995; 1996), Edwards, Ezzamel and Robson (1999; 2005), Ezzamel *et al.* (2007) and Ezzamel, Robson and Stapleton (2012). The word 'colonization' does feature in some of these studies, but is not used in the sense of Habermasian accounting colonization. Habermasian accounting colonization is not the focus of this broader work. Contributions by Dixon (1991), Broadbent, Laughlin and Willig-Atherton (1994), Tooley and Guthrie (2007), Agyemang (2009; 2010) and Agyemang and Ryan (2013) also expound the role and impact of accounting disturbances in organizational change. A common feature of much of this wider literature is the use of institutional theory. Only Agyemang (2009), and, to some extent, Broadbent, Laughlin and Willig-Atherton (1994), adopt a Habermasian approach. Such research was used to inform the discussion of accounting's role in the schools' sector that was presented in chapter two.

In this chapter, this wider body of work is reviewed in the context of accounting colonization, behavioural responses to accounting disturbances and organizational micro-practices. An analysis of the findings from these studies using Habermasian colonization theory offers a basis by which they can be related to and synthesized with evidence from the literature on the empirical study of Habermasian accounting colonization.

Accounting's role in the schools' sector has been subject to substantial change and was discussed in chapter two using three themes: market orientation, increasing financial autonomy for schools and the use of formulae as funding mechanisms (Jones, 2003; Chitty, 2009; Benn, 2011). These themes reflect Broadbent, Laughlin and Willig-Atherton's (1994, p. 261) concept of a shift in accounting's role from the stewardship activities of private sphere accounting to a 'tool of rhetoric' that is a feature of public sphere accounting. Private sphere accounting activities such as cash collection are fundamentally different from public sphere activities (further discussion of which is developed in chapter one) such as financial planning, budgetary control and financial reporting.

The changed role of accounting in the schools' sector will not be reconsidered here. Rather, a review of the literature is used to deepen the understanding of behavioural responses to accounting disturbances and organizational micro-practices in schools. Evidence from this work suggests that accounting's role in increasing financial autonomy is most apparent in management approaches within schools. Budgeting and budgetary control are typical public sphere accounting activities (Broadbent, Laughlin and Willig-Atherton, 1994); delegation of financial control also reflects Hood's (1995) doctrinal components of freedom to manage by discretion, use of performance measures and of a greater emphasis on outputs. Edwards, Ezzamel and Robson (2005) and Ezzamel, Robson and Stapleton (2012) highlight the centrality of financial planning and control in both the LMS and the academies system.

Budgeting has been used as a vehicle by which a 'business logic' has been promoted in schools (Ezzamel, Robson and Stapleton, 2012, p. 284) and in other parts of the public sector (Anessi-Pessina and Cantu, 2017). Ezzamel, Robson and Stapleton's (2012) study of the use of budgeting and budgetary control in the LMS resonates with Broadbent, Laughlin and Willig-Atherton (1994) and Ezzamel *et al.* (2007), who recognize the role played by accounting techniques in rhetoric, and Tooley and Guthrie (2007) who report similar findings on financial autonomy and budgeting in the schools' sector in New Zealand. Further evidence of the role of accounting in the reform of the schools' sector emerges from Edwards, Ezzamel and Robson (1999), Ezzamel *et al.* (2007) and Ezzamel, Robson and Stapleton (2012). As outlined in chapter two, accounting techniques in this context extend beyond budgeting to include processes such as funding mechanisms, financial governance arrangements and financial reporting.

Responses to accounting in the schools' sector: reorientation through absorption

A form of reorientation through absorption is the most common behavioural response identified by Edwards *et al.* (1995) and Ezzamel *et al.* (2007): both emphasize the role of a specialist work group that is distinct from the core work of the organization. Reforms to financial control, accountability and funding following the Education Reform Act 1988 and the School Standards and Framework Act 1998 were found to have had a similarly limited influence on interpretative schemes to that found by Broadbent, Laughlin and Willig-Atherton (1994). The creation of groups whose purpose is to protect the heart of the organization is evident in these studies and can be related to Broadbent and Laughlin's (2013) behavioural response of reorientation through absorption (Broadbent and Laughlin, 2013). It is recognized that the use of a theoretical perspective from institutional theory rather than Habermasian accounting colonization makes precise identification of behavioural responses and organizational micro-practices difficult.

Ezzamel, Robson and Stapleton (2012) suggest that these accounting processes could affect management approaches to employee selection and human resource planning. 'Underlying' motives to appoint less experienced teachers whose salary costs are lower than the LEA average used to set staffing budgets following the Baker Act (Ezzamel, Robson and Stapleton, 2012, p. 290) also point to the opportunity for changes to interpretative schemes: as such, they may be indicative of the first-order change behavioural responses of colonization or evolution. Again, their precise effect in terms of Broadbent and Laughlin's (2013) typology of behavioural responses is not readily identifiable.

Financial considerations would have always been a factor in decisions on the appointment of teaching staff. Still, the reform of funding arrangements has forced changes to financial planning in schools. Such external enforcement reflects aspects of transactional design archetypes. The clarity and restrictive nature of accounting disturbances that are based on transactional design archetypes give rise to an increased risk of coercive colonization. However, interpretative schemes in schools do not appear to have been affected by this accounting disturbance. Evidence of a continued commitment to collegiality amongst teachers and to LEA policy amongst headteachers (Ezzamel, Robson and Stapleton, 2012) alongside an emphasis on the need to manage the use of financial resources appropriately is indicative of reorientation through absorption.

Edwards, Ezzamel and Robson (1999) utilize documentary analysis to examine the relationship between discourses of economic rationality and the use of accounting processes and techniques. Broadbent (2011) shares this focus on the importance of discourse in this context, albeit in the

higher education sector. Accounting steering mechanisms are seen to have played an important role in 'constructing the seeming imperative for the introduction of new systems of accounting' in the schools' sector (Edwards, Ezzamel and Robson, 1999, p. 471). In particular, budgeting and budgetary control are seen as mechanisms by which different forms of financial control and accountability could be applied within schools and between schools and funding providers. Impacts on organizational micro-practices appear to manifest, but the extent to which their nature can be ascertained using Broadbent and Laughlin's (2013) developed framework of accounting colonization is difficult. Reference is made to the forced development of new identities for senior teaching professionals and the use of budgeting to restrict the behaviour of organizational participants: both are suggestive of coercive colonization. The formation of small cadres that include senior administrative staff and headteachers is characteristic of both forms of reorientation: the composition of these specialist work groups and the lack of impact of accounting disturbances on the core activities of organizations noted by Edwards, Ezzamel and Robson (1999), Edwards *et al.* (1995), Ezzamel *et al.* (2007) and Broadbent (2011) are, like much of the wider literature, particularly reflective of aspects of reorientation through absorption.

Behavioural responses to accounting disturbances by organizational participants in LEAs, rather than in schools, are addressed by Edwards, Ezzamel and Robson (2005). LEAs were observed to respond to the LMS and wider developments in budgeting and budgetary control by recruiting new staff with a knowledge of accounting. This was a means by which changes to organizational micro-practices could be affected (Edwards, Ezzamel and Robson, 2005). It was also perceived to offer a mechanism by which organizations might protect themselves from the problematic aspects of an accounting disturbance (Edwards, Ezzamel and Robson, 2005). Like Edwards *et al.* (1995), Edwards, Ezzamel and Robson (1999) and Ezzamel *et al.* (2007), evidence from Edwards, Ezzamel and Robson (2005) is most closely related to Broadbent and Laughlin's (2013) concept of reorientation through absorption.

Little change to interpretative schemes as a result of accounting disturbances in schools is found by Wallace (1992), Edwards, Ezzamel and Robson (2004) and Ezzamel *et al.* (2007). All highlight the continued existence of strong relationships between schools and LEAs and, moreover, between different schools in the sector. Such cooperation suggests that attempts to develop a market orientation have had limited impact on organizational micro-practices. Continued cooperation and support between organizations indicates that accounting disturbances directed towards market orientation led, in the main, to the behavioural response of reorientation through absorption.

Reorientation through absorption, as defined by Broadbent and Laughlin (2013), is also a key feature of Broadbent, Laughlin and Willig-Atherton (1994), Edwards, Ezzamel and Robson (1999), Edwards, Ezzamel and Robson (2005), Ezzamel *et al.* (2007, p. 162) and Ezzamel, Robson and Stapleton (2012). All present findings that include a recognition of 'coping strategies' in schools and LEAs that have been affected by accounting disturbances. At least in part, these coping strategies and the groups that were established to deliver them are viewed by Ezzamel *et al.* (2007) as both a response to and a potential mechanism by which accounting disturbances can be used to drive changes to organizational culture. The impact of accounting processes is seen to have led to the use of 'language in which educational rationales are required to be expressed through regulatory or financial discourses of accountability' (Ezzamel *et al.*, 2007, p. 169). In terms of Habermasian accounting colonization, changes in discourse could be suggestive of changes to interpretative schemes. Whilst the creation of specialist work groups, use of coping strategies and changes in discourse are not taken to be conclusive evidence of impacts on interpretative schemes, they are indicators of changes to organizational micro-practices due to accounting disturbances.

The use of institutional theory as a theoretical perspective and evidence of the creation of specialist work groups in response to accounting disturbances also pervade Ezzamel, Robson and Stapleton (2012). Behavioural responses, including the use of groups to create a form of reorientation through absorption, are highlighted; specialist work groups are considered to 'delimit' the effects of new approaches to budgeting and budgetary control (Ezzamel, Robson and Stapleton, 2012, p. 300). Notably, Ezzamel, Robson and Stapleton (2012, p. 301) also highlight that behavioural responses to these accounting processes often emerged in 'subtle and nuanced ways'.

Agyemang (2009) uses Habermas's theory of communicative action to examine financial accountability and financial control in the schools' sector. As with the rest of the studies that are considered in this part of the literature review, Habermasian accounting colonization is not the main focus of Agyemang (2009). Both Broadbent, Laughlin and Willig-Atherton (1994) and Agyemang (2009) share frameworks that are drawn from other aspects of Habermasian social theory. Accounting techniques, especially budgeting and budgetary control, are seen to affect organizational participants (Agyemang, 2009); LEA officers were observed to use accounting processes to influence decisions by headteachers and governors.

The wider research presents additional evidence that the role of accounting in the schools' sector has changed considerably. Public sphere accounting activities like budgetary control and financial

reporting have assumed greater importance than private sphere accounting activities such as cash collection (Broadbent, Laughlin and Willig-Atherton, 1994). Financial planning and budgetary control are found to be particularly common accounting activities in schools (Ezzamel, Robson and Stapleton, 2012). Such public sphere activities have assumed greater importance due to market orientation, increasing financial autonomy for schools and the use of funding formulae.

Broadbent and Laughlin's (2013) behavioural responses to accounting disturbances are difficult to discern from the evidence in the wider literature. Most of these studies neither consider Habermasian accounting colonization specifically nor apply a broader theoretical perspective from Habermasian theory. Nevertheless, a form of reorientation through absorption is the most common reaction to accounting disturbances: Broadbent, Laughlin and Willig-Atherton (1994), Edwards, Ezzamel and Robson (2005) and Agyemang (2009) all identify how specialist work groups can be used to protect the core of the organization. 'Coping strategies' (Ezzamel, 2007, p. 162) were observed to depend upon the creation of these groups.

Oakes and Berry's (2009) developed model of accounting colonization

Oakes and Berry (2009, p. 370) offer three criticisms of the conceptualization of accounting colonization that dominates much of the literature *e.g.* Broadbent *et al.* (1993), Broadbent and Laughlin (1998), Broadbent, Jacobs and Laughlin (2001), Broadbent, Gill and Laughlin (2008), and Agyemang (2009). Behavioural responses to accounting disturbances are summarized in Broadbent and Laughlin (2013) and presented in Table 2:

Table 2 (repeated): Broadbent and Laughlin (2013) responses to accounting disturbances

Behavioural response		Behavioural response exemplified by
Coercion	Coercive colonization	Rapid and forced implementation by a specialist work group. Change to interpretative schemes
Resistance	Reorientation through boundary management	Creation of a specialist work group that is involved in the perceived 'real' work of the organization. No change to interpretative schemes
	Reorientation through absorption	Creation of a specialist work group that is 'budded off' from the core of the organization. No change to interpretative schemes
	Rebuttal	Outright rejection of accounting disturbance. No change to interpretative schemes
	Evolution	Gradual and discursive acceptance (sometimes after an initial period of resistance). Change to interpretative schemes

Source: Author

Oakes and Berry's (2009) first criticism of Broadbent and Laughlin (2013) arises from the dualism that is seen to lead to a 'representation of accounting colonization in the social field as a dichotomy of coercive colonization or resistance' (Oakes and Berry, 2009, p. 370). Campanale and Cinquini (2016) and Masquefa, Gallhofer and Haslam (2017) share Oakes and Berry's (2009) perception of dualism. Like Oakes and Berry (2009), both perceive responses to accounting disturbances as a continuum. Dualism is also seen to emerge due to the separation of organizational elements such as interpretative schemes and subsystems; recognition of the social and relational importance of the links between these components is highlighted by, for example, Tucker (2013) and Campanale and Cinquini (2016) (although it should be noted that, for example, Lehman, 2013a, and Power, 2013, acknowledge that Broadbent and Laughlin, 2013, do attempt to avoid simplistic separation in this context).

Oakes and Berry (2009) utilize a phenomenological philosophy as a basis for their developed model of accounting colonization. Dualism arises due to the separation of individuals and events in the world: individuals are perceived to be independent of these events. Unlike dualism, phenomenology focusses on lived experiences and emphasizes the role that the perception of individuals plays in both understanding and engaging with the world. A succinct interpretation of this approach is provided by Moran (2001, p. 403) who sees phenomenology as reflective of a view that the events in the world and interactions with other individuals are experienced 'in one blow'.

Dualism is 'arguably implicit' (Oakes and Berry, 2009, p. 368) rather than overtly applied in most of the literature on accounting colonization. It contrasts with phenomenology in that it fails to acknowledge the role of organizational participants in the generation of a 'woven fabric' (Merleau-Ponty, 2002) that is seen to be created by individuals via interactions with other social actors. A failure to recognize that 'accounting ideas can be seen as intrinsically bound to the world, rather than independent constructs that act upon the world' (Oakes and Berry, 2009, p. 370) is seen to result in an anaemic view of accounting colonization; in turn, this leads to a restriction of 'both Habermas's notion of colonization and by inference applications of his theory to accounting colonization' (Oakes and Berry, 2009, p. 268). Phenomenology better reflects the perception that accounting disturbances, behavioural responses thereto and the way in which organizational participants create and experience these phenomena are related.

Some criticism of Habermas's social ontology and Habermasian colonization theory has focussed on what is considered to be an overly linear and mechanistic tendency in Habermas's work *e.g.* Arrington and Schweiker (1992), Bohman (1999), Alvesson and Deetz (2000) and Brown and Dillard (2013). Oakes and Berry (2009) consider that this leads to a view of accounting colonization that is reductionist. Criticism is applied to Habermas's use of militaristic metaphor and, by implication, a view of Habermasian colonization as a procedural phenomenon by which the instrumental reasoning of the system 'invades' and forcefully displaces the communicative reasoning of the lifeworld:

When stripped of their ideological veils, the imperatives of autonomous subsystems make their way into the lifeworld from the outside - like the colonial masters coming into a tribal society - and force the process of elimination upon it (Habermas, 1987, p. 355)

Since Broadbent and Laughlin's (2013) modified framework of accounting colonization is based on (albeit with some refinement) a view of organizations as analogous to Habermas's concept of society, Oakes and Berry (2009) argue that Broadbent and Laughlin (2013) also suffers from a reductionist approach. The distinct categories of interpretative schemes (as lifeworld), design archetypes (as steering media), relational-transactional design archetypes (as communicative-instrumental reasoning), subsystems (as systems) and organizational symptoms (as Habermasian pathologies) are perceived to be too mechanistic. The notion that there is a precise relationship between accounting disturbances that are based on transactional design archetypes and the behavioural responses of either coercion or resistance is also seen to amplify the impact of the dualism that pervades much of the empirical literature (Oakes and Berry, 2009). Interactions between organizational participants and behavioural responses to accounting disturbances are

characterized by greater subtlety and nuance than can be embodied in this mechanistic 'process of assimilation' (Oakes and Berry, 2009, p. 370).

Finally, Oakes and Berry (2009) contend that some evidence of accounting colonization in the literature *e.g.* Broadbent and Laughlin (1998), Broadbent, Gill and Laughlin (2008), Agyemang (2009), Campanale and Cinquini (2016) and Oakes and Oakes (2016) indicates that the phenomenon does have the scope to be subtler than is reflected in Broadbent and Laughlin (2013). Notwithstanding an acknowledgement of the (albeit limited) potential for rebuttal and evolution, Oakes and Berry (2009) assert that a distinction between coercive colonization (leading to changes to interpretative schemes) or resistance in the form of reorientation does not reflect the richness and diversity of both the process of accounting colonization and of the behavioural responses to the phenomenon. This third criticism arises from each of the first two: dualistic and reductionist thinking leads to a loss of 'the richness and complexity (or lived experience) of accounting colonization' (Oakes and Berry, 2009, p. 369). Moreover, for Oakes and Berry (2009), coercive accounting colonization need not be predicated on accounting disturbances that are grounded in transactional design archetypes.

Much of the literature on the study of accounting colonization is marked by a view of colonization as a coercive process. Oakes and Berry (2009) cite Laughlin (1991) and Broadbent and Laughlin (1997) in this context; other examples include Dent (1991), Broadbent and Laughlin (1999) and Broadbent, Gill and Laughlin (2008). Oakes and Berry (2009) contend that the perception that accounting colonization is always linked to coercive processes is far from axiomatic. The view of accounting colonization as a coercive process and of accounting disturbances as leading to behavioural responses of either coercive colonization or resistance fails to reflect the subtlety of the phenomenon (Oakes and Berry, 2009; Campanale and Cinquini, 2016; Masquefa, Gallhofer and Haslam, 2017). Changes to interpretative schemes can be slow, gradual and sometimes insidious: these changes need not be a result of coercion. Accounting colonization can be an evolutionary process in a sense that is different from that included in Broadbent and Laughlin's (2013) modified framework of accounting colonization. Whilst it can be slow and incremental, it need not always have negative consequences for organizational participants.

Further insights are offered by Gallhofer and Haslam (1991; 2003), Gallhofer, Haslam and Yonekura (2015) and Masquefa, Gallhofer and Haslam (2017) who contend that both the use of accounting and responses to accounting disturbances can have emancipatory dimensions. For Oakes and Berry (2009) and Oakes and Oakes (2016), behavioural responses to accounting disturbances can be ambiguous, subtle and disparate and need not necessarily involve changes to

interpretative schemes to constitute a form of colonization: the dichotomy between coercion and resistance in Broadbent and Laughlin (2013) is overly simplistic (Oakes and Berry, 2009).

The need to avoid the dualistic thinking, to address the reductionist view of accounting colonization and to recognize the richness and diversity of the phenomenon and the behavioural responses to accounting disturbances is reflected in Oakes and Berry's (2009) developed model of accounting colonization. This model includes three forms or pathways of colonization and six idealized behavioural responses. Findings from the literature on the empirical application of Oakes and Berry's (2009) developed model suggest that there may be other forms of both colonization and behavioural response (*e.g.* Campanale and Cinquini, 2016). Unlike Broadbent and Laughlin (2013), Oakes and Berry's (2009) behavioural responses are 'analytic categories' (Oakes and Berry, 2009, p. 374) and may overlap (Oakes and Oakes, 2016). Colonization is remodelled as a continuum from enforced and potentially undesirable change in the form of coercive colonization, through to change that is discursive and desirable. A summary of the model is illustrated in table 5:

Table 5: Oakes and Berry's (2009) developed model of accounting colonization

Form of colonization	Coercive	Behavioural response	Behavioural response exemplified by
		Real obedience	Compliance with change to interpretative schemes
		Mock obedience	Compliance without change to interpretative schemes
	Instrumental	Devious compliance	Compliance, but changes to interpretative schemes are unlikely. Support is voiced, and instructions are enacted
		Dialogic compliance	Compliance with some change to interpretative schemes. Doubts may surface periodically
	Discursive	Discursively pathological	Compliance with change to interpretative schemes. Discourse may not be open. False consciousness may arise
		Discursively benign	Compliance with change to interpretative schemes. Discourse reflects Habermas' ideal speech situation

Source: Oakes and Berry (2009)

Forms of accounting colonization (Oakes and Berry, 2009)

Broadbent and Laughlin's (2013) modification and translation of Habermasian colonization theory offers a foundation for Oakes and Berry's (2009) developed model: accounting colonization is depicted as a richer and more complex phenomenon than that presented by Broadbent and Laughlin (2013). A recognition that changes to interpretative schemes can arise for reasons other than coercion is also included; such change might be partial and can also result from events that are not associated with an accounting disturbance. Laughlin (1991), Power (1991) and Masquefa, Gallhofer and Haslam (2017) do acknowledge that accounting colonization need not be predicated on coercion and is not necessarily always a negative phenomenon. To some extent, this is reflected in Broadbent and Laughlin's (2013) notion of evolution. However, Oakes and Berry (2009) suggest that the nature of accounting colonization and the accounting disturbances that are used to engender changes to interpretative schemes can be very different.

As well as the imposition of change that is a feature of coercive colonization, Oakes and Berry's (2009, p. 371) developed model sees 'accounting colonization as involving moods and emotions which shape and are shaped by institutional contexts'. One of the ways in which Oakes and Berry (2009) seek to address the dualism, reductionism and lack of subtlety in the empirical literature is by emphasising the scope for accounting colonization to comprise a range of characteristics that are more ambiguous, disparate and refined than those that are included in Broadbent and Laughlin (2013).

Three idealized forms of colonization are included in Oakes and Berry's (2009) model: coercive, instrumental and discursive. As in Broadbent and Laughlin (2013), the possibility that accounting colonization might be deliberate, enforced and lead to a sudden change to interpretative schemes is retained in the form of coercive colonization. Oakes and Oakes (2016, p. 36) characterize this pathway of colonization as 'psychological and physical attrition' and 'invasive brainwashing'. Development of this notion is provided by an acceptance that requirements to conform can also be introduced via the subtler processes of persuasion, bargaining or incentives: coercive colonization need not be sudden and can be realized using methods other than direct enforcement. For Oakes and Berry (2009, p. 375), this includes the possibility that accounting disturbances are 'associated with the inevitable and sometimes imperceptible taken for granted exchange of ideas and practices'. Differing degrees of enforcement activity might be needed in different organizational circumstances (Oakes and Berry, 2009; Oakes and Oakes, 2016).

The use of techniques other than direct enforcement to secure change to interpretative schemes is also a feature of instrumental colonization. 'Incentives, persuasion, bribery and propaganda' (Oakes and Berry, 2009, p. 373) can be used to realize the intentions of accounting disturbances. Instrumental accounting colonization need not be as sudden as coercive colonization. This form of colonization 'can be a slow, evolutionary and insidious process' (Oakes and Berry, 2009, p. 373). The attempt to avoid the dualistic thinking that dominates the existing literature is reflected in overlaps between coercive and instrumental colonization: the latter, whilst typically delivered via processes that are more nuanced than those used in coercive colonization, can involve changes to interpretative schemes that might also arise from the sudden and enforced use of accounting disturbances. The phenomenological underpinning of Oakes and Berry's (2009) developed model allows the varied and subtle nature of interactions between individuals to be incorporated. The diversity of these interactions is reflected in an attempt to 'humanise the model of colonization' (Oakes and Berry, 2009, p. 373) with a view to a deeper understanding of the process and impact of accounting colonization.

Oakes and Berry (2009) identify discursive colonization as the third form of colonization in their model. Unlike the coercive and instrumental pathways, discursive colonization reflects the opportunity for interpretative schemes to change without the enforcement that typifies coercion or the techniques that are used in instrumental colonization. This raises the possibilities that colonization might occur due to a longer-term process of the gradual erosion of existing interpretative schemes and that this may be difficult to associate with particular accounting disturbances. Colonization might also occur without any intervention by those that seek to exercise organizational control. Sharp contrasts can be drawn between such forms of change and Broadbent and Laughlin's (2013) notion of coercion.

The ambiguity and subtlety of accounting colonization is also reflected in Oakes and Berry's (2009) description of the behavioural responses to the phenomenon. These are seen to be complex, potentially subtle and, like the other behavioural responses in the developed model, idealized. Whilst distinctions can be made between different behavioural responses, each is regarded as an analytic category that may overlap with others (Oakes and Berry, 2009; Oakes and Oakes, 2016) and reflects an attempt to address the perceived dualism and reductionism in the existing literature.

Two analytic categories of behavioural response are developed for each of the three idealized pathways of accounting colonization in Oakes and Berry's (2009) model. Coercive colonization is considered to result in either real obedience or mock obedience. Real obedience is characterized by a change to interpretative schemes. As discussed earlier, such change may be enforced suddenly or can arise due to the gradual and imperceptible effects of accounting disturbances. For Oakes and Berry (2009), mock obedience does not cause interpretative schemes to change; the behaviour of organizational participants may be affected in ways that reflect the demands of an accounting disturbance, but shared values and beliefs amongst individuals (Power and Laughlin, 1996; Broadbent and Laughlin, 2013; Oakes and Oakes, 2016) are not altered. Oakes and Berry (2009) use an example from their own empirical work to illustrate this behavioural response: fear of sanctions may lead to obedience, but fundamental beliefs regarding the suitability of an accounting disturbance remain unchanged. The scope for coercion to be applied gradually is acknowledged by the view that mock obedience may evolve into real obedience over time (Oakes and Berry, 2009).

Behavioural responses to instrumental accounting colonization are categorized as devious compliance and dialogic compliance. 'Support [for an accounting disturbance] is voiced, and instructions are enacted' in devious compliance, but changes to interpretative schemes are

‘unlikely’ (Oakes and Berry, 2009.p. 373). Dialogic compliance includes similar expressions of support but with concomitant change to interpretative schemes. The nuanced nature of Oakes and Berry’s (2009) model is reflected in the recognition that these changes might not be complete and may alter as ‘doubts surface periodically’ amongst organizational participants (Oakes and Berry, 2009, p. 373). The incentives, bribes and persuasion that drive this behavioural response are seen to expose accounting disturbances to greater questioning and expressions of doubt than in coercive colonization. The perceived reductionism in Broadbent and Laughlin (2013) is countered by a recognition of ‘shades of ideological change and belief’ (Oakes and Berry, 2009, p. 374): these include the potential for individuals to be influenced by mechanisms such as propaganda but for variance in the extent to which interpretative schemes are affected.

Discursive colonization is seen to cause either discursively pathological or discursively benign behavioural responses. The former is indicated by a lack of openness in the discourse regarding an accounting disturbance and its organizational impact. The Habermasian concept of communicative action is oriented towards the achievement of mutual understanding between organizational participants to coordinate social action (Luke and White, 1985; Edgar, 2006; Thomassen, 2010). ‘Meaningful interaction between persons’ (Edgar, 2006, p. 21) in an organizational setting, as in Habermasian social theory, rests on the potential for validity claims of truth, normative rightness and sincerity to be challenged. Discursively pathological behavioural responses arise due to an inability to make such challenges: Oakes and Berry (2009) suggest that this could result in a false consciousness. The majority of or all organizational participants might accept an accounting disturbance and interpretative schemes may change, but the change itself might not be desirable. Oakes and Berry (2009) illustrate this response by suggesting that undesirable forms of power might be used to secure agreement amongst individuals and to repress a minority. In contrast, discursively benign accounting colonization is characterized by successful communicative action: validity claims can be challenged, participants respond to any challenges and mutual understanding is achieved via the ‘unforced force of better argument’ (Habermas, 2001, p. 147). Discursively benign behavioural responses are seen to lead to changes to interpretative schemes.

Organizational symptoms of accounting colonization

Oakes and Berry’s (2009) extension of the developed and translated framework that is summarized by Broadbent and Laughlin (2013) provides for a deeper comprehension of the nature of accounting colonization and its effects on organizational participants. It offers a basis by

which forms of accounting colonization and behavioural responses to accounting disturbances can be better understood and explained. Oakes and Berry's (2009) developed model will be applied in this study; a contribution to the literature on accounting colonization will be made using a framework that attempts to 'humanise the model of colonization' (Oakes and Berry, 2009, p. 373).

A second contribution to the existing body of work on accounting colonization will be made by directly analysing the extent to which both Habermas's pathologies of colonization and the organizational symptoms of colonization manifest due to accounting disturbances. A discussion of these pathologies and their organizational effects is presented in this chapter and summarized in Table 6:

Table 6: Pathologies and organizational symptoms of colonization

Pathology	Meaning	Organizational symptoms
Anomie	Decrease in shared meanings and mutual understanding	Inability to clarify intention; obscured and unclear meaning
Disintegration	Erosion of social bonds	Lack of role clarity; mystification
Alienation	Increase in feelings of helplessness and lack of belonging	Inability to check evidence; differentiation of expert cultures
Demoralization	Unwillingness to take responsibility for actions and for social phenomena	Unilateral decision making; lack of democracy in decision making; passivity
Instability	Destabilization and breakdown in social order	Reification of process; rupturing of tradition

Source: Forester (1985; 1993); Bohman (1999); Finlayson (2005); Innes and Booher (2015); Oakes and Oakes (2016)

The Habermasian pathologies and organizational symptoms of Habermasian colonization have been considered in other settings (e.g. Forester, 1985; 1993; Innes and Booher, 2015) but are relatively under-researched in the context of accounting (e.g. Campanale and Cinquini, 2016; Oakes and Oakes, 2016). Whilst the domains and methodologies (Ahrens and Chapman, 2006) of these studies differ, they share the use of Habermasian colonization theory and an emphasis on its

application in organizations and its impact in terms of organizational symptoms. A review follows by way of a discussion of these organizational symptoms.

Forester's (1985; 1993) and Kemp's (1985) application of Habermas's colonization theory in the context of the town and country planning sector can be distinguished from much of the other literature on Habermasian colonization: a closer application of Habermasian theory is provided by a focus on the organizational symptoms of colonization. Applicability to organizations and the role of colonization therein is underpinned by an assertion that 'critical theory can not only be empirical, interpretative and normative in its context, but that it can be practical as well' (Forester, 1985, p. 202). Forester (1993) suggests that the careful design of organizational processes can help to relieve the impact of Habermasian colonization. This emphasis on the design of organizational processes and the need to be cognisant of Habermasian colonization is shared by Kemp (1985), Forester (1993) and Innes and Booher (2015).

Kemp (1985) considers how the conditions for communicative reasoning might be created in public inquiries into major planning decisions; processes to improve practice in the assessment of building plans are examined by Forester (1985); Forester (1993) reflects on strategies to maintain effective communicative infrastructure in the face of reduced budgets, a theme that is shared by Oakes and Oakes (2016). These conditions, processes and strategies include raising awareness of the symptoms of Habermasian colonization amongst professionals and the suggestion of approaches to improve communication between participants in the planning system.

Whilst neither Forester (1985) nor Kemp (1985) focus on accounting colonization, both offer insights into the nature of Habermasian pathologies and the organizational symptoms of Habermasian colonization. Attempts to address an inability to clarify intention and obscured and unclear meaning (which are organizational symptoms of anomie) are reflected in the recommendation that professional planners should 'avoid listeners being manipulated, misled, fooled or misguided' (Forester, 1985, p. 210). Kemp (1985, p. 191) makes similar urges for planners to ensure that their 'arguments are understood'. The scope for professionals and the techniques that they apply to affect organizations is also highlighted by Campanale and Cinquini (2016) and Ahrens, Ferry and Khalifa (2018).

Forester (1993) and Innes and Booher (2015) also consider how obscured and unclear meaning increase when financial resources in the planning system are reduced. Oakes and Oakes (2016) examine the influence of accounting colonization and austerity in arts organizations. Accounting was seen to pervade the arts sector: financial monitoring by funding providers and the part-commercialization of many activities are, however, considered to be less problematic than the

impact of austerity itself. Like Forester (1993), a lack of financial resources is seen to create the conditions in which several organizational symptoms of Habermasian colonization, including the inability to clarify intention and the obscured and unclear meaning of anomie, are more likely to arise. Notably, Broadbent (2011), Oakes and Oakes (2016) and Ahrens, Ferry and Khalifa (2018) also argue that funding constraints and austerity are more problematic in this context than accounting disturbances per se.

The organizational symptom of mystification is highlighted by both Kemp (1985) and Forester (1993). As a symptom of the Habermasian pathology of disintegration, mystification is evident in the formalized legal nature of a public inquiry that provides the domain for Kemp's (1985) study. Confusion over legal procedure was observed to have 'restricted the ability of participants to make their cases equally' (Kemp, 1985, p. 192). Both Forester (1993) and Oakes and Oakes (2016) identify similar mystification and lack of role clarity (being another organizational symptom of disintegration) following reductions in operating budgets. Participants in the planning system were confused about their own roles and the boundaries between the responsibilities of professionals and others in the system. As with the organizational symptom of anomie, reductions in financial resources were found to affect 'norms of interaction' (Forester, 1993, p. 152) between individuals and manifested as mystification and a lack of role clarity.

Hallin's (1985) analysis of the effects of the mass media in the United States of America offers further evidence of disintegration. The Habermasian steering mechanisms of money and power are seen to result in demands from advertisers for news coverage that does not offend consumers. Producers of media content subsequently reduce debate to the 'technical problem-solving level' (Dryzek, 1995). The scope for the discussion of underlying social values and issues is restricted: mystification and a lack of clarity results. One-directional communication between media producers and consumers also undermines communicative reasoning, leading to further erosion of social bonds (Hallin, 1985).

The increase in feelings of helplessness and lack of belonging that are characteristic of the organizational symptoms of the Habermasian pathology of alienation are highlighted in a recommendation that planners actively encourage people to engage with the assessment process and wider planning system (Forester, 1985). Kemp's (1985) analysis of the Windscale Inquiry²⁶ is marked by similar recommendations to promote 'openness, impartiality and rationality' (Kemp, 1985, p. 197) to guard against the inability to check evidence and differentiation of expert cultures that are symptomatic of this pathology. These organizational symptoms are also reflected

²⁶ An inquiry into the fire at a reactor at the Windscale (now Sellafield) nuclear site in 1957.

in the 'possibly implicit 'leave it to me'' (Forester, 1985, p. 203) approach that is adopted by many planners. Non-professional participants were observed to be discouraged by a perception that a lack of expertise precluded their involvement in the planning process. Similar observations can also be found in Misgeld (1985), Fraser (1989) and Forester (1993) who use Habermasian colonization theory to analyse relationships between individuals in the education, welfare benefits and planning sectors, respectively. All point to increased feelings of helplessness and lack of belonging as processes come to be dominated by professionals.

Studies that are situated in the education sector offer further insights into the pathologies of Habermasian colonization and their organizational symptoms. Whilst not situated in the same setting as Forester (1985), Kemp (1985) or Forester (1993), both Misgeld (1985) and Murphy and Fleming (2010) also highlight the potential impact of professionals in increased feelings of helplessness and lack of belonging amongst participants. For Misgeld (1985, p. 78) 'managerial and administrative' professionals in the education system are seen to have displaced the needs of society with those of managerial rationality, instructional objectives and administrative systems. Education has come to be seen as 'the business of instruction' (Misgeld, 1985, p. 89). A classical conception of education that prioritizes interaction between student and teacher has been displaced by one with the specification and delivery of instructional objectives at its heart. Similar observations are made by Fleming (2000): the pattern and development of communicative interaction in education has been affected by the administrative imperatives of the state, most typically in the form of the kind of managerial rationality highlighted by Misgeld (1985). Like Forester (1985) and Kemp (1985), the Habermasian pathology of alienation as typified by withdrawal and increased feelings of helplessness amongst teachers and pupils is seen to manifest.

Forester (1985) notes that expert cultures amongst planners engendered a familiarity with the planning process that affected the ability of other participants to understand and interpret the results of their actions. This led to passivity amongst non-professionals and a perceived lack of democracy in decision making: both are symptoms of the Habermasian pathology of demoralization. Indirect relation to accounting in Forester (1985) can be found, again, in a finding that budget cuts amplify the prevalence of these symptoms. Professional planners had a greater tendency towards a lack of democracy in decision making when resources were relatively scarce. Similar findings can be found in Pusey's (1991) study of the introduction of markets in public management: attempts to reduce operating costs as part of these reforms led to an increased reluctance to take responsibility for actions and social phenomena. Individuals tended to demonstrate greater passivity and a lack of faith in decision making processes, particularly when

financial resources were scarce (Pusey, 1991). Increased passivity amongst participants in the planning system is also observed (Kemp, 1985; Forester, 1993).

The Habermasian pathology of instability is characterized by destabilization and breakdown in social order. As with demoralization, evidence of this Habermasian pathology is apparent in Forester (1985), Pusey (1991) and Forester (1993). Like demoralization, reductions in financial resources were found to have amplified the organizational symptoms of this pathology. Forester (1993) notes how reification of process and rupturing of tradition were manifest in the redesign of organizational processes, a reduced capacity to invest attention in the needs of non-professionals in the planning system and a lack of alignment with the expectations of those non-professionals. The pursuit of market-oriented frameworks and attempts to reduce operating costs were also found to have contributed to the destabilization that is a feature of this pathology (Pusey, 1991).

Whilst Kemp (1985, p. 197) recognizes that Habermas's ideal speech situation (which is explained in chapter four) is an 'idealistic and impossibly demanding yardstick', the confusion over legal procedure that was seen to contribute to disintegration was also a factor in instability. Reification of legal process reduced the extent to which ideal speech conditions could be applied in settings such as the Windscale Inquiry. Reification was also evident in the expert culture that was observed amongst planners (Forester, 1985) in this context. Their familiarity with the planning system led to passivity and a perceived lack of democracy in decision making amongst other participants in the inquiry process.

Chapter four

Theoretical perspective

Introduction

Habermasian social theory is a theory of rationality and is based on universal pragmatics. For Habermas, rationality is conceptualized as social behaviour that is based on reason, rather than traditions or emotions; universal pragmatics are the competences that social actors apply in everyday interactions. Habermas's social theory comprises two elements: an explanation of how social order is possible, and; a social ontology, or account of what society is like and how it is constructed.²⁷ Habermas's social ontology rests on the mutually supporting concepts of lifeworld and system. An explanation of these concepts is provided as part of this chapter.

The two volumes of the 'magisterial' (Edgar, 2006, p. 138) *Theory of Communicative Action* contain Habermas's explanation of his social theory. Part one (Habermas, 1984) focuses on how social order is possible, is mainly conceptual and includes an account of the concepts of communicative action and instrumental (and also strategic) action²⁸. Habermas's social ontology is developed and explained in part two (Habermas, 1987). The concepts of communicative action and instrumental action that are developed in Habermas (1984) relate to the ontological notions of lifeworld and system, respectively, in Habermas (1987).

The theoretical perspective that is applied in this thesis rests on Habermas's social ontology. Habermas (1984, p. 17) proposes 'that we conceive of societies simultaneously as systems and lifeworlds'. An explanation of these elements is presented in this chapter. The Habermasian concepts of communicative action and instrumental action are the respective counterparts of the ontological components of lifeworld and system; as such, an overview of the former is needed as a basis for an understanding of the latter. An outline of communicative action and instrumental

²⁷ A theory of modernity is sometimes included as a third element of Habermasian social theory. Habermas recognizes the importance of history in shaping society and utilizes a historical narrative of the development of Western society as part of an explanation of the nature of modern society (Finlayson, 2005).

²⁸ For Habermas, strategic action is a form of instrumental action. The aim of each is to achieve success in the social and non-social worlds, respectively. Both contrast with communicative action, the aim of which is to achieve understanding between social actors (rather than success). It is this key contrast that sometimes leads to the conflation of strategic and instrumental action. Unless stated otherwise, instrumental action will be used to refer to both forms of success orientated action.

action will now be developed prior to a discussion of the concepts of lifeworld and system. A summary of each is provided in Table 7:

Table 7: Action orientation in social and non-social situations

	Action orientation	
Action situation	Oriented to reaching understanding	Oriented to achieving success
Social	Communicative action	Strategic action
Non-social	None	Instrumental action

Source: Author

Communicative action

Habermas makes a categorical distinction between communicative action and instrumental action (Luke and White, 1985; Bohman, 1999; Finlayson, 2005; Edgar, 2006). Communicative action is oriented towards the achievement of mutual understanding between actors in the social world (Luke and White, 1985; Thomassen, 2010). Edgar (2006, p. 21) defines communicative action as ‘meaningful interaction between persons’. Its aim is to underpin mutual understanding and consensus between social actors in order to coordinate action. It requires the establishment and maintenance, via meaningful interaction, of dialogue between individuals:

A communicatively achieved agreement has a rational basis; it cannot be imposed by either party, whether instrumentally through intervention in the situation directly or strategically through influencing the decisions of opponents... agreement rests on common convictions (Habermas, 1984, p. 287)

Communicative action also comprises explicit or implicit validity claims to truth, normative rightness, intelligibility and sincerity. Meaningful interaction between social actors depends on the potential for these validity claims to be challenged, and for participants to respond to any challenges with further discourse with a view to achieving mutual understanding via the ‘unforced force of better argument’ (Habermas, 2001, p. 147). As such, ideal speech situations are provided for in which communication between social actors allows for the free evaluation of assertions by competent participants. Assertions and responses can be made without fear of coercive influence. For Habermas:

We understand a speech act when we know what makes it acceptable. From the standpoint of the speaker, the conditions of acceptability are identical to the conditions for his illocutionary²⁹ success. Acceptability is not defined here in an objectivistic sense, from the perspective of an observer, but in the performative attitude of a participant in communication (Habermas, 1984, p. 297)

Successful communicative action is the practical result of communicative reasoning.

Communicative reasoning's inherent goal is the recognition and acceptance of a validity claim through meaningful discourse. In communicative reasoning, discourse is governed by a search for shared understanding rather than other motives, such as control. Communicative reasoning depends on social actors treating dialogue as an end in itself. Habermas (1996, p. 107) asserts that the outcome of communicative reasoning will be one 'to which all possibly affected persons could assent as participants in rational discourse'. Acceptance of the aim of communicative reasoning, being the achievement of shared understanding, cannot be divorced from the process of discussion and dialogue: meaningful discourse and the formation of consensus cannot be given effect causally, since one relies on the other.

Instrumental action

The fundamental difference between communicative action and instrumental action is highlighted by Outhwaite (1996) and Thomassen (2010): whereas communicative action is oriented to the achievement of mutual understanding between social actors, instrumental action is directed towards the achievement of success. The aim of instrumental action is to achieve practical success in the non-social world (or, in the case of strategic action, to achieve success in the social world). The aims of both instrumental action and strategic action contrast with those of communicative action:

We call an action oriented to success instrumental when we consider it under the aspect of following rules of rational choice and assess the efficiency of influencing the decisions of a rational opponent... By contrast... [in] communicative action the actions of the agents involved are coordinated not through egocentric calculations of success but through acts of reaching understanding (Habermas, 1984, p. 285)

Habermas (1984) identifies two key characteristics of instrumental action. Firstly, social actors determine such actions antecedently and independently of the means of their realization. Most of

²⁹ An illocutionary act does something in the act of saying something. For Habermas, a speech act that has illocutionary force is one that generates mutual understanding between social actors.

the objectives of instrumental action are pre-set and will not always be evident to those who pursue them. Secondly, social actors must undertake manipulative and causal interventions in the objective world to realize the action itself. Direct contrasts between instrumental action and communicative action can be found in both respects, since the objectives of communicative action cannot be separated from the process of their realization (undistorted and meaningful dialogue) and communicative action is not dependent on a causal act.

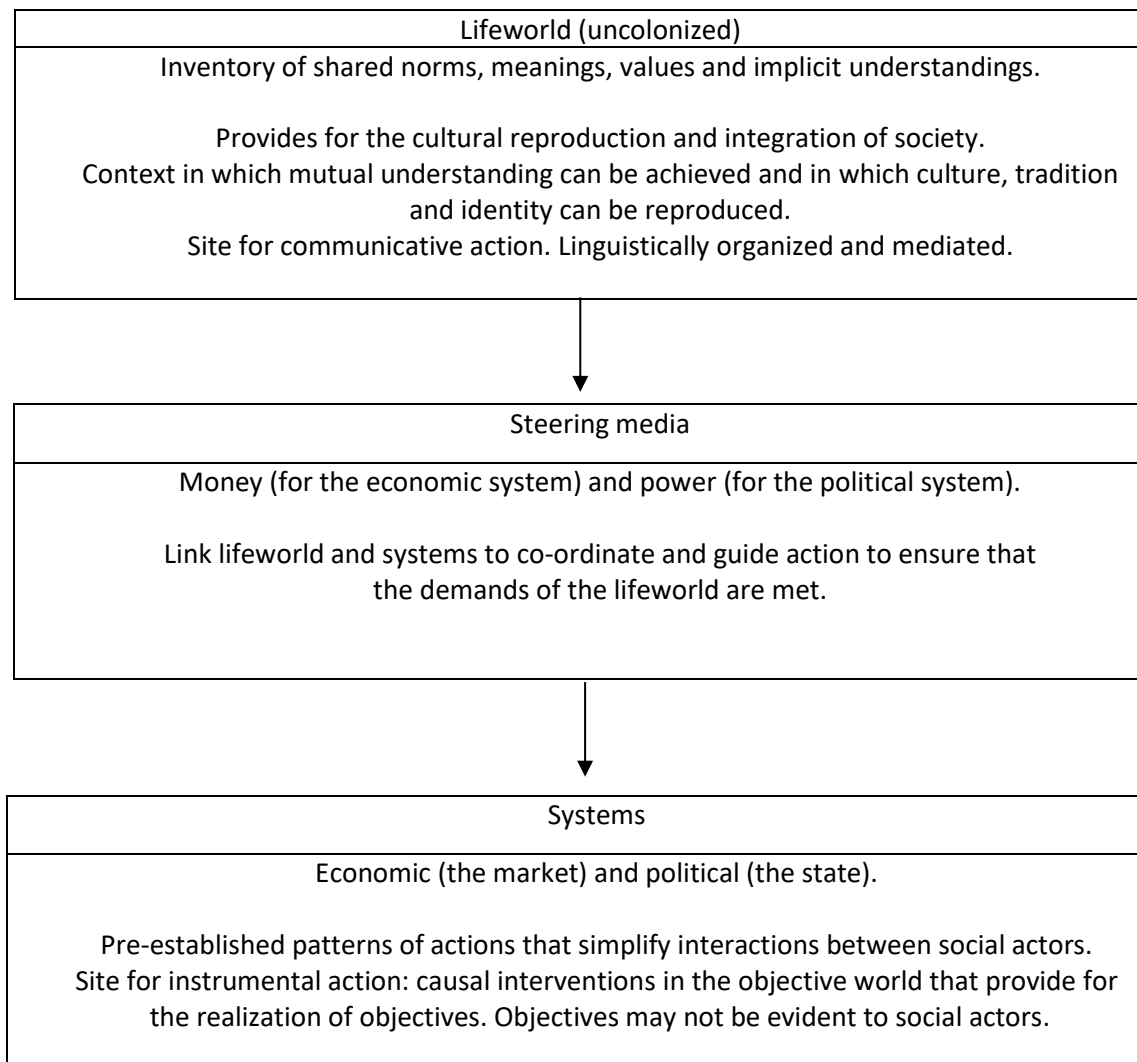
Instrumental action is the result of instrumental, rather than communicative, reasoning.

Instrumental reasoning rests on the efficiency of a given means relative to a given end (Finlayson, 2005; Thomassen, 2010). Participants in instrumental reasoning engage in a calculation of the most effective way to achieve an objective: the validity claims, consensus building and meaningful interaction of communicative action are, at best, incidental to the fulfilment of an objective and the achievement of perceived success.

Habermas's social ontology

The distinction between communicative and instrumental action is reflected in Habermas's social ontology: lifeworld and system are the counterparts of and sites for each of communicative and instrumental action, respectively. A representation of Habermas's social ontology is provided in Figure 1. An explanation of each element follows in this chapter.

Figure 1: Habermas's social ontology (uncolonized)



Source: Adapted from Broadbent, Laughlin and Read (1991) and Broadbent and Laughlin (2013, p.60)

Lifeworld

Habermas argues that the construction and integration of society in the form of lifeworld, steering media and systems is 'a product of human beings... striving for mutual understanding' (Edgar, 2006, p. 166). Social integration is a function of the mutual understanding that arises from communicative action in the lifeworld; systems integration is seen to arise from the consequences of instrumental action in systems (Edgar, 2006).

Habermas (1996, p. 35) defines the lifeworld as:

A network of communicative actions that branch out through social space and historical time, and these live off sources of cultural traditions and legitimate orders no less than they depend on the identities of socialized individuals... [who] find support in the relationships of reciprocal recognition articulated in cultural traditions (Habermas, 1996, p. 35)

The lifeworld includes domains such as family and household, political life (outside of organized political parties) and culture: it is 'a culturally transmitted and linguistically organized stock of interpretative patterns' (Habermas, 1987, p. 118). Habermas argues that these domains are informal and unmarketized; their organization and functioning are often implicit. Indeed, Habermas (1987, p. 130) describes the lifeworld as a 'naïve familiarity with an unproblematically given background'. For Habermas (1987, p. 135), the lifeworld contains 'the solidarities of groups integrated via norms and values and the competences of socialized individuals'; it is 'intuitively present, in this sense familiar and transparent, and at the same time [a] vast and incalculable web of presuppositions that have to be satisfied if an actual utterance is to be at all meaningful' (Habermas, 1987, p. 131). An example of such presuppositions includes the view that education is important (Broadbent, 2011).

The lifeworld is considered to provide the resources for tradition, coherence and cultural reproduction of group identities and solidarity amongst social actors (social integration) and the transmission of generalized competences for action (referred to as harmonization) (Outhwaite, 1996; Bohman, 1999; Edgar, 2006; Thomassen, 2010). Habermas's lifeworld does not determine actions and beliefs, but it does constrain them by providing the 'normative context within which culture, tradition and identity can be reproduced' (Power and Laughlin, 1996, p. 444).

Communicative action occurs within the network provided by the lifeworld. For Habermas, the function of the lifeworld is not only to supply the resources for this communicative action, but also to provide a context in which social actors may engage in meaningful interaction with each other and to reach consensus. Successful communicative action replenishes both the inventory of shared meanings, values and understandings in the lifeworld and the vitality of the network. As such, Habermas's notion of the lifeworld is one of a linguistically organized and mediated resource. It is dependent on successful communicative action by social actors:

The further the structural components of the lifeworld and the processes that contribute to maintaining them get differentiated, the more interaction contexts come under control of rationally motivated mutual understanding... of consensus formation that rests in the end on the authority of the better argument (Habermas, 1987, p. 145)

An emphasis has been placed on the need to recognize that Habermas's lifeworld does not merely enable the actions of individuals; it is also an interactive achievement of those actions (Edgar, 2006; Thomassen, 2010). The beliefs and competences of the lifeworld are articulated and challenged through speech. As highlighted by Outhwaite (1996), Habermas does not perceive that the structures of the lifeworld would develop automatically, harmoniously or without objection. The lifeworld is porous and subject to redefinition with each successful communicative action (Habermas, 1987). Changes to the shared norms, meanings and values of social actors are gradual and, like their replenishment, a result of successful communicative action. Habermas (1987) contends that communicative action is an essential complement of the lifeworld, since the lifeworld can only be reproduced by such action:

Under the functional aspect of mutual understanding, communicative action serves to transmit and renew cultural knowledge; under the aspect of coordinating action, it serves social integration and the establishment of solidarity; finally, under the aspect of socialization, communicative actions serves the formation of personal identities (Habermas, 1987, p. 137)

Systems

As societies become increasingly complex, there is a need to compensate for the effort that would be needed were every interaction between social actors to be governed by communicative action. Habermas (1984, p. 181) sees systems as 'relief mechanisms' in this context. Systems provide pre-established patterns of actions that simplify interactions between social actors and 'help hold society together' (Finlayson, 2005, p. 88). Responsibility for specific functions is allocated to systems. These systems are governed by the requirements of the lifeworld. For Habermas (1987, p. 185):

These structures do, of course, remain linked with everyday communicative practices... they function as an institutional framework that subjects system maintenance to the normative restrictions of the lifeworld (Habermas, 1987, p. 185)

Habermasian systems are 'self-regulating action contexts which co-ordinate actions around specific mechanisms or media' (Thompson, 1983, p. 285 *in* Laughlin, 1987, p. 486). Two systems are included in Habermas's social ontology: the economic system (or market) and the political system (or state). Money and power, respectively, are the guiding mechanisms or 'steering media' that enable the lifeworld to coordinate each. Habermas (1984) saw money as the more powerful and pervasive of these steering media; its characteristics mean that its use does not require

normative justification. Whilst the exercise of power might not always need to be justified, it can be subject to greater challenge than the use of money.

The aim of systems³⁰ is to coordinate and integrate the actions of social actors. Habermas sees the increasing complexity of society as being problematic for social integration via communicative action in the lifeworld: the achievement of mutual understanding in every interaction can require substantial energy and increase the risk of conflict between participants. Systems are considered to compensate by providing for interactions to take place 'without the participants having to come to a full mutual understanding of the situation in which they find themselves' (Edgar, 2006, p. 182).

The economy (via the steering media of money) allows social actors to interact in highly simplified and impersonal ways; money also facilitates systems integration by allowing individuals to coordinate their actions by the instrumental consequences of those actions (Habermas, 1984). For example, in a simple market transaction, buyer and seller coordinate their actions according to price; interaction need not extend beyond an agreement of price and its consequences. Habermas also perceives that the use of market mechanisms as steering media for an economic system could be integrated with and reinforced by other systems (and their respective steering media) such as law and regulation (Bohman, 1999). Systems integration in politics (via the steering media of power) is reinforced by governmental structures and power relationships.

In contrast to the lifeworld, systems are neither linguistically organized nor linguistically mediated. As the locations for instrumental action, Habermasian systems allow (and may also cause) social actors to fall into pre-established patterns of behaviour. Unlike communicative action, the objectives of this form of action are pre-determined and not always apparent to social actors. As discussed earlier in this chapter, instrumental action is independent of the means of its realization in that it relies on a manipulative intervention in the objective world. This contrasts with the communicative action of the lifeworld in which speech acts and meaningful interaction between social actors are one and the same.

³⁰ Habermas used the term subsystem and system interchangeably. Systems will be used, unless specified otherwise, in the context of Habermasian social theory. Subsystem will be used in the context of Broadbent and Laughlin's (2013) modified and translated framework of Habermasian colonization.

Systems integration and instrumental action

Whilst Habermas acknowledges the coordinating and integrating roles of systems in society, he considers systems integration and instrumental action to be inherently dangerous. Systems integration leads to a decoupling of systems from the lifeworld. What Habermas (1987, p. 183) refers to as a 'technicising of the lifeworld' takes place to compensate for the loss of meaning and understanding that arises from this decoupling. Increasing differentiation of systems leads to greater complexity that, in turn, leads to demand for further differentiation; systems then become detached from the requirements of the lifeworld. Habermas sees this process and the capacity for systems to define interactions between social actors as the cause of dysfunction in modern societies:

The capitalist economy can no longer be understood as an institutional order in the sense of the traditional state; it is the medium of exchange that is institutionalized, while the subsystem differentiated via this medium is, as a whole, a block of more or less norm-free society (Habermas, 1987, p. 171)

The means to an end reasoning of instrumental action and the opacity of the objectives of individuals in this form of action lead to systems being seen to reinforce patterns of action that are characterized by manipulation and conceit. For example, the 'impoverished and standardised language' (Habermas, 1988) of politics and the use of power as a steering media therein channels social actors towards certain behavioural responses. Decisions by social actors are not based on validity claims or the achievement of mutual understanding but on the consequences of reward or sanction.

For Habermas (1987), both the economic and the political systems undermine the autonomy of participants in society. Whilst social actors can choose the means by which they seek to achieve their objectives in these systems, the ends are often both pre-determined and equivocal. As Finlayson (2005, p. 89) notes, systems develop:

The appearance of what Habermas (1987, p. 154) calls a 'block of quasi-natural reality', an independent reality with an autonomous internal logic that escapes human control, and for which human beings cannot and need not take responsibility

Although Habermas highlighted the danger of this internal logic, it has been recognized that he does not see systems as bad per se *e.g.* Bohman (1999), Edgar (2006) and Thomassen (2010). Those that are successfully 'anchored' (Habermas, 1987, p. 259) to the lifeworld through suitable steering media support the functioning of contemporary societies. Modern societies demand

mechanisms for what could otherwise become 'wearing and possibly futile' (Edgar, 2006, p. 182) interactions. For Habermas, suitably anchored systems provide these mechanisms.

The inherent danger of systems integration and instrumental action lies in the potential for systems to become uncoupled from the lifeworld to the extent that they begin to intrude upon it. The 'quasi-natural reality' (Habermas, 1987, p. 154) of systems comes to inform the lifeworld. Habermas (1987, p. 173) contends that 'in a differentiated social system the lifeworld seems to shrink to a subsystem'. Communicative action is undermined as the economy and the political systems become dominant. Interactions outside of systems become subject to instrumental reasoning and, ultimately, interactions between social actors, including those in the lifeworld, become colonized by the steering media of money and power:

The rationalization of the lifeworld makes possible a heightening of systemic complexity, which becomes so hypertrophied that it unleashes system imperatives that burst the capacity of the life-world they instrumentalize (Habermas, 1987, p. 155)

Colonization

As with much of his social theory, Habermasian colonization theory is largely conceptual: notwithstanding some reflection in the contexts of law, education and mass media, Habermas did not develop empirical studies of his theory of colonization. Habermasian colonization theory, like Habermasian social theory, can also be complex and abstruse (Finlayson, 2005; Thomassen, 2010). As discussed in the literature review, Edgar (2006, p. 165) contends that Habermas's approach can be 'obscure' and lead to key concepts being 'lost in the detail of historical exposition and criticism'.

Habermas conceptualizes the scope for society to exist as an equilibrium between lifeworld and systems, but that this balance is fragile. The complexity of modern societies demands the successful balancing of these two ontological components. Systems and steering media offer vehicles by which social actors can interact without the demands of communicative action. The rationalization of the lifeworld using systems and steering media is seen as a necessary feature of modern societies. Habermas did not consider this rationalization to be necessarily problematic. The use of systems and steering media yields cognitive, economic and practical gains that are worthy of preservation (Finlayson, 2005). However, it is seen to be problematic when the relationship between system and lifeworld becomes unbalanced. The increasing density of systems leads to an intrusion of instrumental reasoning, via steering media, into the lifeworld. Habermas refers to this process as colonization:

Systemic mechanisms suppress forms of social integration even in those areas where a consensus-dependent coordination of action cannot be replaced, that is, where the symbolic reproduction of the lifeworld is at stake. In these areas the mediatization of the lifeworld assumes the form of a colonization (Habermas, 1987, p. 196)

In Habermasian colonization, systems become 'detached from the lifeworld and operate according to the internal imperatives of money and power' (Bohman, 1999, p. 71). Finlayson (2005, p. 56) highlights Habermas's concept of colonization as one in which 'strategic decisions are left to markets, or placed in the hands of expert administrators' rather than based on the shared knowledge, culture and traditions of the lifeworld. This creates weakness in society; Habermas considers that this weakness leads to crises that result in demands from social actors for greater systems integration that, in turn, results in further colonization:

The more the welfare state goes beyond pacifying the class conflict lodged in the sphere of production and spreads a net of client relationships over private spheres of life, the stronger are the anticipated pathological side effects of a juridification that entails both a bureaucratization and a monetization of core areas of the lifeworld (Habermas, 1987, p. 364)

A perceived failure in or compromise of the political and economic systems gives rise to what Edgar (2006, p. 240) describes as a dissipation of 'the normative grounding of the state'. Participants question the legitimacy of the state as the 'injustices of the system' (Oakes and Oakes, 2016, p. 37) become apparent. Employers (in the economic system) and political decision makers (in the political system) resort to an intensification of systems and steering media in attempts to restore this legitimacy. The repetition of these crises is seen to arise from an inherent contradiction: the state must be maintained to counter the results of capitalism, but is subject to demands to reduce its role in society (Oakes and Oakes, 2016). Habermas (1987) argues that employees and citizens become increasingly sceptical of discursive methods, since crises in the economic and political systems are recurrent. A 'vicious circle' of crisis, greater instrumental reasoning and further crisis results.

Some simplification of Habermas's theory of colonization is offered by the view of the phenomenon as a form of reification *e.g.* Finlayson (2005), Edgar (2006) and Thomassen (2010). Gallhofer and Haslam (1991) assert that such reification occurs when steering media come to possess an aura beyond that of linking mechanisms between lifeworld and system. As the network of systems become increasingly dense due to differentiation, a 'gradual uncoupling' (Edgar, 2006, p. 239) of lifeworld and systems occurs and the steering media of money and power are increasingly venerated by social actors. As Habermas (1987, p. 330) argues:

It is not the uncoupling of media-steered subsystems and of their organizational forms from the lifeworld that leads to the one-sided rationalization or reification of everyday communicative practice, but only the penetration of forms of economic and administrative rationality into areas of action that resist being converted over to the media of money and power because they are specialized in cultural transmission [and] social integration... and remain dependent on mutual understanding as a mechanism for coordinating action (Habermas, 1987, p. 330)

Under Habermasian colonization, steering media extend to regulate interactions between social actors outside of systems: 'the rationalization of the lifeworld makes possible the emergence and growth of subsystems whose independent imperatives turn back destructively upon the lifeworld itself' (Habermas, 1987, p. 186). Rather than mediate resources from the lifeworld to systems, steering media allow the exigencies of systems to erode and eventually dominate those of the lifeworld.

Habermas uses the institutionalization of wage labour as an example of such extension by the economic system and the steering media of money. Traditional forms of work are undermined and the orientation of social actors is shifted away from the value of their labour towards financial rewards. Interactions outside of the economic system become colonized and the communicative reasoning of the lifeworld is displaced by the instrumental reasoning of the economic system:

The situation to be regulated is embedded in the context of a life history and a concrete form of life; it has to be subjected to violent abstraction, not merely because it has to be subsumed under the law, but so that it can be dealt with administratively (Habermas, 1987, p. 363)

Some explanation of the concept of Habermasian colonization and the role of steering media therein is provided by Habermas's reflection on law and its use as a steering media. This reflection is developed in a body of work that includes *Between Facts and Norms* (1992) and is part of an attempt to apply (although not empirically) the social theory that was developed in *The Theory of Communicative Action* (1984; 1987). Whilst its focus is on the nature of constitutional government, this body of work offers some elucidation of Habermas's social ontology. Like the economic and political systems and the concomitant steering media of money and power, Habermas sees law to be a necessary feature of a modern society as 'the only medium in which it is possible reliably to establish morally obligated relationships of mutual respect even among strangers' (Habermas, 1996, p. 460).

Broadbent and Laughlin (2013) assert that Habermas's focus on law reflects a view of its primacy as a steering process. For Habermas, the use of law is closely related to both economic and

political systems: the effective functioning of the market and the state in modern societies are both seen to rest on the rule of law. Thomassen (2010) notes that Habermas does not argue that all legal regulation necessarily leads to colonization. When law is used as a regulative steering technique to govern instrumental action in systems, it is not problematic. It is the increasingly intensive organization of law and the resultant extension of instrumental reasoning into the communicative reasoning of the lifeworld that is questionable. Edgar (2006) notes how Habermas contends that law comes to overtly regulate interactions between social actors in the lifeworld as well as in systems.

The use of law, at least initially, as a steering media to protect the lifeworld from infringement by the economic and political systems in welfare state democracies creates a paradoxical effect (Edgar, 2006). For Habermas (1987), law results in less, rather than more freedom: interactions between social actors in the lifeworld are affected by laws that reflect the exigencies of the economic and political systems. The communicative reasoning that should support the questioning of such laws is suppressed. Habermas concludes his reflection on law by returning to the argument that is at the heart of his social ontology:

In complex societies the scarcest resources are neither the productivity of a market economy nor the steering capacity of public administration. What need to be treated with care are above all the exhausted resources of nature and a social solidarity which is in a process of collapse. And the forces of social solidarity can today be regenerated in the forms of communicative practices of self-determination (Habermas, 1996, p.445)

Steering media: regulative and constitutive

The extent to which steering media lead to Habermasian colonization is dependent on their nature as either regulative or constitutive. Regulative steering media are suitably anchored to the lifeworld and are 'freedom-guaranteeing' (Habermas, 1987, p. 367). This type of steering media is comprehensible to the average individual (White, 1995) and serves to regulate pre-existing patterns of behaviour (Sharma and Lawrence, 2015). Regulative steering is also capable of substantive justification and guarantees freedoms via the regulation of existing activities.

In contrast, Habermas (1987, p. 367) sees constitutive steering media as 'freedom reducing'. This type of steering process fails to reflect the values, traditions and norms of the lifeworld: as such, constitutive steering media comprise new forms of activity that are not capable of substantive justification, do not have a foundation in the lifeworld and are 'less comprehensible and easier to defend purely on the grounds that it has been appropriately enacted by competent and

responsible elites' (White, 1995, p. 15). Constitutive steering mechanisms have greater potential to reduce the freedoms of social actors and, therefore, to act as a coercive colonizing force in Habermasian colonization (Bohman, 1999).

Habermas's work on law offers illustrations of the differences between regulative and constitutive steering media. Regulative steering media are 'suitably anchored' (Habermas, 1984, p. 259) to the lifeworld and guarantee the freedoms of social actors. Unlike regulative steering media, constitutive steering media are freedom reducing, not readily understandable and have greater opportunity to cause accounting colonization. When used as a regulative steering process, Habermas (1987, p. 366) sees legal regulation as part of 'a continuum with moral norms [that] are superimposed on communicatively structured areas of action'.

Outhwaite (1996), Bohman (1999) and Edgar (2006) utilize Habermas's critique of welfare law and family law to illustrate the impact of legal processes as constitutive steering mechanisms. For Habermas, welfare state provision seeks to guarantee the freedom of social actors by providing goods and services to which they might not otherwise have access: welfare law codifies the rights of social actors to this provision. Interactions with the system that is established to administer and manage the delivery of welfare goods and services are organized and regulated using legal processes: these processes then can come to obviate the very freedom that they seek to secure. Paradoxically, the use of law as a constitutive steering media to guarantee the freedom of social actors in welfare state mass democracies 'endangers the freedom of the beneficiaries' (Habermas, 1987, p. 361).

As with welfare law, Habermas (1987) argues that the impact of constitutive steering processes in family law is paradoxical in that it undermines the very communicative action that is needed for its successful operation. As societies become increasingly complex, Habermas perceives the need to regulate interactions between social actors that were previously governed by family or small group relationships (Edgar, 2006). Family law is seen as a means by which interactions within families and between social actors and the state can be controlled. Colonization in this context is seen to emerge when legal processes act as constitutive steering mechanisms and replace the communicative reasoning that previously took place in the context of family relationships. It is not the steering media of family law itself that leads to Habermasian colonization, but its misapplication.

Since maintenance of the inventory of shared meanings, values and understandings that comprise the lifeworld is dependent on successful communicative action, Habermasian colonization causes this stock of resources to be depleted and ultimately destroyed. The intrusion of constitutive

steering processes into interactions outside of systems threatens the coherence and viability of the lifeworld itself (Finlayson, 2005). What Edgar (2006, p. 187) describes as ‘Habermas’s key critical move’ is the recognition that colonization leads to major costs in the form of an ‘autonomization of the attitudes connected with the objective’ (Honneth, 1999, p. 331). Systems develop their own logic and functional requirements; the roles of social actors become ‘split off from the symbolic structures of the lifeworld’ (Habermas, 1987, p. 323). The failure to replenish the stock of resources in the lifeworld weakens the processes of cultural reproduction, social integration and harmonization. Communication becomes subject to what Bohman (1999, p. 67) describes as ‘violation in pathological forms’.

Pathologies of Habermasian colonization

Habermasian colonization has a number of effects on both society and individuals: Habermas (1987) referred to these effects as pathologies. Habermasian pathologies reflect the deleterious impact of colonization on society. The lifeworld processes of cultural reproduction, social integration and harmonization cannot be sustained by reified steering media. At an individual level, the identity of social actors becomes uncertain and individuals lose the motivation to interact with each other. At a collective level, societal order loses its legitimacy:

Social pathologies should not be measured against ‘biological’ goal status but in relation to the contradictions in which communicatively intermeshed interaction can get caught because deception and self-deception can gain objective power in an everyday practice on the facticity of validity claims (Habermas, 1987, p. 378)

A summary of the pathologies of Habermasian colonization is provided in Table 8. Each pathology is examined and explained in this chapter.

Table 8: Pathologies of Habermasian colonization

Pathology	Meaning	Level
Anomie	Decrease in shared meanings and mutual understanding	Society
Disintegration	Erosion of social bonds	Person
Alienation	Increase in feelings of helplessness and lack of belonging	Person
Demoralization	Unwillingness to take responsibility for actions and for social phenomena	Person
Instability	Destabilization and breakdown in social order	Society

Source: Forester (1985; 1993); Bohman (1999); Finlayson (2005); Innes and Booher (2015); Oakes and Oakes (2016)

The pathologies of Habermasian colonization manifest in the roles and behaviours of social actors in both lifeworld and systems. For Habermas (1984; 1987), interactions between lifeworld and system play a key part in the definition of the role of social actors in both contexts. Where the lifeworld has not been subject to Habermasian colonization, the roles of social actors in systems are abstracted from their lifeworld contexts. Examples include the way in which the economic system exchanges the lifeworld resources of labour power and consumer demand for income and goods, or those in which the political system exchanges the lifeworld resources of tax revenues and votes for public services and achievement by the state. Participants in economic relations come to be defined as employers and employees; those in the political system are conceptualized as decision makers and citizens:

Just as concreated work has to be transformed into abstract labor so that it can be exchanged for wages, use-value orientations have to be transformed in a certain sense, into demand preferences, and publicly articulated opinions and collective expressions of will have to be transformed into mass loyalty, so that they can be exchanged for consumer goods and political leadership (Habermas, 1987, p. 320)

Habermas (1987) argues that the pathologies of colonization do not arise due to the increasing complexity of society: they occur due to an expansion of instrumental reasoning from systems into the lifeworld. As systems become uncoupled from the lifeworld, instrumental reasoning consumes the communicative ability of social actors in the lifeworld: participants become subjugated by the instrumental requirements of systems and, ultimately, lose the ability to put

their interests and needs ahead of the exigencies of those from systems. As Misgeld (1985, p. 95) notes, instrumental reasoning may 'tend toward making the communicative organization of social interaction superfluous'.

The pathologies of colonization can be categorized as those that affect society and those that affect, at least initially, the individual (Habermas, 1987). The former are labelled as anomie and instability; disintegration, alienation and demoralization comprise the latter. Whilst disintegration, alienation and demoralization are considered to manifest at the level of the person, their cumulative and ultimate impacts are also deleterious for society.

Anomie

Habermas (1987, p. 183) argues that colonization brings 'a growing sense of meaninglessness' and described this lack of meaning as anomie. A decrease in the lifeworld resources of shared meanings and mutual understanding is typical of this pathology (Finlayson, 2005; Thomassen, 2010). Anomie can be illustrated in the context of the economic and political systems. Where Habermasian colonization has not occurred, employees in the economic system are defined by their lifeworld contexts as providers of labour power and consumer demand; citizens in the political system are considered in terms of their lifeworld roles as providers of tax revenues and votes. The steering media of money and power are used to mediate the requirements of the lifeworld to each system. Anomie emerges due to an over-dependence of employees and citizens on the economic and political systems and their respective steering media (Love, 1995; Bohman, 1999; Bohman, 2000).

Habermas (1987, p. 323) argues that the 'dependency of actors on subsystems in exchanges between system and lifeworld' leads to a loss of meaning in these interactions at the level of the person. The meaningful interaction and mutual understanding that could support the achievement of consensus are lost. Employees and voters come to question the legitimacy of the economic and political systems, respectively. Employers and decision makers seek to restore this legitimacy via steering media. In turn, this leads to further loss of meaning and increased anomie at both societal and individual levels due to the instrumental reasoning that pervades interactions between social actors under conditions of Habermasian accounting colonization.

Anomie is characterized by interactions that involve a 'stripping away of all concrete communication' (Edgar, 2006, p. 175): this exposes the lifeworld to the imperatives of systems. The stock of shared meanings and mutual understanding in the lifeworld is exposed to and

depleted by the instrumental reasoning of systems. Honneth (1999), Bohman (2000) and Edgar (2006) highlight Habermas's emphasis on the role of steering media in this erosion: the steering media of money (in the economy) and power (in the political system), rather than communicative meaning, come to define and structure interactions in the lifeworld. It is this redefinition and restructuring that leads to the obscured meaning and loss of mutual understanding that characterize anomie.

Habermas (1987) uses welfare state provision to illustrate the effects of this pathology. For Habermas, welfare state approaches have egalitarian and emancipatory effects: they allow social actors to benefit from goods and services that they might not otherwise be able to access. Complexity arises due to the need to regulate this provision. Systems and steering media are established to administer and manage these regulatory processes. For Habermas, these mechanisms typically include legal and regulatory frameworks that seek to define rights and to structure administrative processes. However, instrumental reasoning within these systems is seen to come to inform lifeworld matters that were previously supported by communicative action. Meaning becomes obscured and social actors become unable to clarify the intention of systems and steering media:

The ambivalence of guaranteeing freedom and taking it away has attached to the policies of the welfare state... The negative effects of this... result from the form of juridification itself. It is now the very means of guaranteeing freedom that endangers the freedom of the beneficiaries (Habermas, 1987, p. 361)

Disintegration

Social actors who are subject to this pathology experience what Habermas (1987, p. 143) terms a 'crisis of orientation for the person'. Disintegration is characterized by an erosion of bonds between individuals and, as such (and unlike anomie), the impact of disintegration is at the level of the person. Similarly to the Habermasian pathology of anomie, disintegration is considered to manifest due to exchanges between lifeworld and system. Habermas considers that steering media play a fundamental role in this process. The effect is a lack of role clarity and 'fragmentation of life' (Bohman, 1999, p. 71) for the individual due to a diminution of the bonds that previously underpinned the definition of roles in society (Finlayson, 2005).

Whilst the erosion of social bonds that characterize disintegration is experienced at the level of the person, its cumulative impact also manifests at a societal level. Habermas (1987, p. 143) argues that the 'psychopathology' of disintegration ultimately results in a loss of motivation to

participate in society. Honneth (1999, p. 331) notes how Habermas (1987) highlights the relationship between disintegration, the pathology of anomie and the broader context of the influence of the 'tendency for instrumental orientations to achieve supremacy'. The erosion of social bonds leads to a lack of role clarity and mystification of steering media and systems.

Pensky (1995) uses the reunification of Germany to illustrate disintegration and its cumulative impact at a societal level. Citizens of both the former West and East German states were seen to have suffered from an erosion of social bonds: legitimization crises following a series of pre-unification scandals in West Germany affected individuals and led to a questioning of the established commitment to democracy and federal government in that state. Similar crises are evident in post-unification East Germany where former East Germans who were 'shocked by the frenzied pace of life' and 'shallowness and spiritual vacuity' (Pensky, 1995, p. 81) of their former West German counterparts. For Pensky (1995), the resultant destruction of social bonds amongst both former West Germans and between former West Germans and East Germans manifested in a lack of role clarity, mystification and a reduced willingness to engage in society in the newly unified state.

Alienation

Finlayson (2005) defines alienation as an increase in feelings of helplessness and lack of belonging. For Habermas (1984; 1987) alienation arises for reasons that are similar to those that cause anomie. The rationalization of the lifeworld and resulting differentiation of systems leads to expert cultures (see, for example, the discussion of town and country planning in the literature review). These cultures contrast with each other and from the lifeworld. The creation of elites means that ordinary citizens are removed from aspects of decision making (Thomassen, 2010) in which they would have been involved previously. Social actors become dependent on systems and steering media as they are not able to engage with issues that were formerly visible in the lifeworld. This dependency leads not only to a loss of shared meanings in interactions; it also creates the conditions in which helplessness and lack of belonging can result as individuals afford decision making responsibilities to experts.

Habermas (1987) classifies alienation as a 'psychopathology' (Habermas, 1987, p. 143): it is seen to manifest at the level of the person, rather than at the level of society. Cooke (1999) highlights Habermas's emphasis on communicative action in this context. A social actor's sense of belonging in a society is dependent on communicative action: the feelings of helplessness and lack of

belonging that characterize alienation occur when social actors are no longer willing or able to engage in communicative action, since experts are considered to have monopolized both their responsibility for and ability to affect decision making. A colonized lifeworld results and leads to 'an alienated mode of having a say in matters of public interest' (Habermas, 1987, p. 350).

As with the pathology of anomie, Edgar (2006) focuses on Habermas's critique of welfare state mass democracies to elucidate the conditions in which this pathology can emerge. As discussed earlier in this chapter, Habermas considers welfare state provision to be contingent on the input of suitable resources from the lifeworld. Labour power and consumer demand are drawn from the lifeworld for use in the market; tax revenue and votes allow for the functioning of the state. For Habermas (1987), recurrent crises are seen as the endemic condition of welfare state mass democracies. These crises are addressed using the steering media of money and power that link resources in the lifeworld to the economic and political systems (Habermas, 1987). Large scale intervention by government in the form of regulation is required to secure a just distribution of resources in a market economy. If the state is seen to have failed to achieve a fair distribution of resources, then its legitimacy is questioned (Bohman, 2000; Edgar, 2006) either in terms of a weak state that has allowed too much market freedom or as one that has applied excessive intervention and disrupted the natural equilibrium of the market. Under non-colonized conditions, the lifeworld functions of cultural reproduction (in the form of culture and tradition) and social integration (via the stabilization of shared meanings and values amongst social actors) are used to address this perceived lack of legitimacy.

Crucially, Habermas (1987) asserts that because welfare state democracies are subject to recurrent crises, and because the economic and political systems (via the steering media of money and power, respectively) are used to mediate resources from the lifeworld in an attempt to address these crises, the use of steering media in this way is perceived to cause systems to become reified. Social actors consider that their own ability to affect the distribution of resources and to influence the functioning of the state is diminished: recurrent crises are taken as indicators of failure and, ultimately, as a reflection of the futility of intervention. Addressing these conflicts becomes the responsibility of 'the system' rather than social actors. Habermasian colonization results and, in the case of the pathology of alienation, manifests as increased feelings of helplessness and a lack of belonging amongst social actors.

Misgeld (1985), Fleming (2000) and Gillan (2000) argue that the existence of expert cultures in systems increases the likelihood of reification. Both Misgeld (1985) and Fleming (2000) suggest that the feelings of helplessness and lack of belonging that characterize alienation have become

increasingly prevalent as the steering media of money and power have been applied to systems other than the economy and politics. Reification is also accentuated by the 'excessive exploitation of lifeworld resources' (Edgar, 2006, p. 240) in attempts to address repeated crises in these systems. This leads to further feelings of helplessness and lack of belonging amongst social actors. In their capacities as employees and as citizens, social actors perceive increasing difficulty in relating attempts to resolve these problems to the crises themselves; Habermas explains this assignment of blame as paradoxical attribution of both problem causation and solution to 'the system'.

Demoralization

Similarities can be found between the Habermasian pathology of alienation and that of demoralization. In each, social actors perceive 'the system' as both the cause of and solution to perceived problems in society. Social actors observe that the input of resources from the lifeworld fails to prevent recurrent crises in welfare state mass democracies, leading to a passivity and what Habermas (1987) describes as a loss of meaning at the level of cultural reproduction. As lifeworld resources are exhausted, the maintenance and development of tradition, coherence and social integration become difficult. Like alienation, social actors experience a reduced motivation to participate in society. In demoralization, recurrent crises, exploitation of lifeworld resources and the reification of both steering media and systems manifest as an unwillingness to take responsibility for actions and for social phenomena (Finlayson, 2005): the result is a 'demoralization of public conflicts' (Habermas, 1991, p. 45).

As with the pathologies of anomie and alienation, Habermas (1987) uses welfare state provision to illustrate the effects of demoralization. Habermasian colonization causes the recipients of welfare goods and services to become clients of the state. Social actors become passive as a result of this status. Due to colonization, they lose the ability to recognize that unilateral decision making and a lack of democracy in decision making have curtailed their freedom to act. Instrumental reasoning in systems means that all interactions between social actors lose their sensitivity to the communicative particularity of situations (Thomassen, 2010):

The situation to be regulated is embedded in the context of a life history and of a concrete form of life; it has to be subjected to violent abstraction, not merely because it has been subsumed under the law, but so that it can be dealt with administratively (Habermas, 1987, p. 363)

Habermas (1987) views this pathology as manifesting most obviously at the level of person. In particular, the use of the steering media of power to address periodic crises in the welfare state leads to the reification of steering media. Social actors perceive that the tax revenue and votes that comprise resource inputs from the lifeworld are less influential than the steering media of political power itself in addressing a crisis; individuals see the state, rather than the resources of the lifeworld, as a means by which problems can be solved. Hence, the instrumental reasoning that pervades systems displaces the communicative reasoning of the lifeworld.

Like the Habermasian pathologies of disintegration and alienation, the cumulative and ultimate impacts of demoralization are felt at a societal level. The compounding influence of reification, displacement of communicative reasoning and failure to replenish the resources of the lifeworld (through successful communicative action) culminates in an unwillingness to take responsibility for actions and phenomena in society. Social actors become 'detached' from the lifeworld because 'only opportunistic behaviour towards the system seems to offer a way of finding one's bearings' (Habermas, 1991, p. 43).

Instability

Instability is characterized by destabilization, a breakdown in social order and a fragmentation of society (Love, 1995; Finlayson, 2005). Like anomie, Habermas (1987) classifies instability as a pathology that manifests at a societal level. As with the other pathologies of Habermasian colonization, reification of the economic and political systems and their steering media is perceived to both underpin and accentuate the effects of instability (Bohman, 1999; Bohman, 2000; Edgar, 2006).

Misgeld (1985) and Thomassen (2010) reflect on the UK education system to illustrate the nature and impact of instability. As discussed in chapter three, both contend that the prioritization of what Misgeld (1985, p. 78) describes as 'managerial and administrative' imperatives and what Thomassen (2010, p. 76) refers to as a 'market logic' have displaced other models of education. Both consider that a reification of process in the education system has arisen due to an over emphasis on instructional objectives. The classical conception of education in which interaction between student and teacher is paramount is seen to have given way to the administrative imperatives of a managerial system (Misgeld, 1985; Thomassen, 2010).

Importantly, pupils and parents are also observed to have prioritized the requirements of the instructional and managerial models that have been introduced (Misgeld, 1985; Fleming, 2000;

Thomassen, 2010). Pedagogical matters have been displaced by the demands of performance reporting and market-based provision. Thomassen (2010) adds that the conceptualization of pupils and students as consumers has changed the relationships between social actors in the education system. Interactions that may previously have been based on communicative action are affected by instrumental reasoning. An emphasis on the measurement and evaluation of time and outputs are considered to underpin this instrumental reasoning.

The rupturing of tradition that is also a feature of instability is described by Habermas (1987, p. 354) as a 'fragmentation' of everyday understanding. 'Scattered perspectives' (Habermas, 1987, p. 355) emerge: as with the pathology of demoralization, social actors are seen to experience a reduced motivation to interact with each other and to participate in society. Instrumental reasoning in systems ruptures the communicative mechanisms by which social actors are able to deliberate on matters of rightness and truth (Thomassen, 2010). The order that was maintained in the form of tradition, shared knowledge and mutual understanding in the lifeworld is displaced, via the steering media of money and power, by that offered by systems.

Like the pathology of anomie, Habermas (1987) argues that instability manifests as social actors come to depend on systems and steering media, rather than the lifeworld. The reification of process and rupturing of tradition that typify this pathology are, as in the other pathologies, self-perpetuating: instrumental reasoning denudes the inventory of resources in the lifeworld. Individuals come to demand more from the systems and steering processes that they have reified and, ultimately, lose the ability to engage in communicative reasoning.

Broadbent and Laughlin (2013): A modified and translated framework of accounting colonization

Habermasian colonization theory can be esoteric. Edgar's (2006) view of the nature of Habermas's approach to explanation is echoed by Thompson (2000, p. xi) who notes how the breadth, depth and intricacy of Habermas's writing can be 'lost in the work of interpretation'.

The literature review features a discussion of how Broadbent and Laughlin's (2013) modified and translated framework of Habermasian colonization theory and the body of research that was used to develop this framework offers a practical tool for the study of accounting colonization and its effect on organizational micro-practices. A review of these modifications was presented in chapter three and is summarized in Table 1. Further reflection on Broadbent and Laughlin (2013)

is provided here as part of the discussion of the theoretical perspective that is applied in this study:

Table 1 (repeated): Translation of Habermasian colonization theory for use in the study of accounting colonization

Habermasian theory	Broadbent and Laughlin (2013): modified and translated framework of accounting colonization
Habermasian colonization theory	Accounting colonization
Lifeworld	Organizational interpretative scheme
Steering media: regulative or constitutive	Design archetype (steering mechanisms): relational or transactional
Systems	Subsystems
Pathologies	Organizational symptoms (Forester, 1985; 1993; Kemp, 1985; Finlayson, 2005; Oakes and Berry, 2009; Thomassen, 2010; Innes and Booher, 2015; Oakes and Oakes, 2016)
Social actors	Organizational participants

Source: Broadbent and Laughlin (2013)

Broadbent and Laughlin (2013) respond to the complexity of Habermas's approach by using terminology that is more meaningful to organizational contexts and, specifically, to accounting research. The translated phrasing reflects an attempt to both adapt Habermasian colonization theory for use in accounting research and to avoid confusion with Habermas's social ontology. As such, Broadbent and Laughlin (2013) rename lifeworld, steering media and systems as interpretative scheme, design archetypes and subsystems, respectively.

Accounting disturbances: regulative-relational and constitutive-transactional design archetypes

In addition to a translation of terminology, Broadbent and Laughlin (2013) offer further modifications to Habermas's social ontology for use in organizations, namely: the concept of accounting disturbances, and; an alternative distinction between different types of design archetype to that offered by regulative and constitutive steering media, respectively.

As Broadbent and Laughlin (2013) argue, the power of accounting arises from its role in controlling organizational participants: accounting control can be used to manage organizations and the behaviour of individuals within these organizations. For Broadbent and Laughlin (2009, p. 292) 'there is no more powerful steering mechanism than money'. The codification of economic transactions and of organizational values using accounting has the scope to create substantial 'jolts' to organizations and organizational micro-practices.

For Broadbent and Laughlin (2013), accounting's use in the articulation of organizational values is the basis for its power as a steering mechanism. Accounting disturbances can be used to mediate expectations of values and culture within and between organizations; accounting processes can also be used to monitor the extent to which such changes have been implemented.

As discussed in the literature review, Broadbent, Laughlin and Read (1991, p. 9) see accounting disturbances as organizational 'pathways', 'kicks' or 'jolts'. Accounting can be a powerful design archetype. The use of the 'pure instrument' (Broadbent and Laughlin, 2009, p. 292) of money and the clarity and measurability offered by accounting in this context can affect the behaviour of individuals in organizations. Habermas's distinction between regulative and constitutive steering media has been explained earlier in this chapter. To summarize, regulative steering media are anchored to the lifeworld and guarantee the freedoms of social actors; constitutive steering media are freedom reducing, not readily understandable and have greater potential to lead to Habermasian colonization.

Habermas's assertion that regulative steering media that are suitably 'anchored' in the lifeworld (Habermas, 1987, p. 259) can have positive impact on society is reflected in Broadbent and Laughlin's (2013) distinction between the organizational concepts of relational and transactional design archetypes (Power and Laughlin, 1996; Broadbent and Laughlin, 2013). These organizational concepts are grounded in the Habermasian notions of communicative reasoning and instrumental reasoning, respectively. For Broadbent and Laughlin (2013), design archetypes that are relational result in effects that reflect communicative reasoning whereas transactional design archetypes have effects that are based on instrumental reasoning.

Broadbent and Laughlin (2013): behavioural responses to accounting disturbances

Broadbent and Laughlin's (2013) behavioural responses to accounting disturbances were explored in the literature review. A summary of these responses is restated in Table 2, for convenience:

Table 2 (repeated): Broadbent and Laughlin (2013) responses to accounting disturbances

Behavioural response		Behavioural response exemplified by
Coercion	Coercive colonization	Rapid and forced implementation by a specialist work group. Change to interpretative schemes
Resistance	Reorientation through boundary management	Creation of a specialist work group that is involved in the perceived 'real' work of the organization. No change to interpretative schemes
	Reorientation through absorption	Creation of a specialist work group that is 'budded off' from the core of the organization. No change to interpretative schemes
	Rebuttal	Outright rejection of accounting disturbance. No change to interpretative schemes
	Evolution	Gradual and discursive acceptance (sometimes after an initial period of resistance). Change to interpretative schemes

Source: Author

By way of an explanation of the theoretical framework that is applied in this thesis, Broadbent and Laughlin's (2013) behavioural responses to accounting disturbances range from coercive colonization to evolution. As discussed in chapter four, coercive colonization and evolution involve changes to interpretative schemes. Reorientation through boundary management, reorientation through absorption and rebuttal do not involve change to interpretative schemes. Notwithstanding an acknowledgement of the potential for evolution and a recognition of the scope for different responses to emerge *e.g.* Laughlin (1991) and Power (1991), Broadbent and Laughlin's (2013) typology reflects a distinction between coercive colonization and resistance as behavioural responses to accounting disturbances.

Oakes and Berry (2009): A developed model of accounting colonization

In chapter three, it was suggested that a binary distinction between coercive colonization and resistance does not reflect the subtlety, richness and diversity of the behavioural responses to accounting disturbances (Power, 1991; Gurd, 2008; Oakes and Berry, 2009). A review of the literature established that the existing body of research is largely dominated by this dichotomy *e.g.* Broadbent *et al.*, (1993), Broadbent and Laughlin (1998), Broadbent, Jacobs and Laughlin (2001), Broadbent, Gill and Laughlin (2008) and Agyemang (2009). Oakes and Berry (2009) argue that this leads to an impoverished view of accounting colonization. More recent studies suggest

that this may well be the case *e.g.* Sharma and Laurence (2015), Campanale and Cinquini (2016), Oakes and Oakes (2016).

Oakes and Berry's (2009) developed model of accounting colonization, via a critique of the perceived dualism and emphasis on scientific method of Broadbent and Laughlin (2013) and a need to better reflect the nuance of behavioural responses to accounting disturbances, seeks to avoid the binary distinction that pervades much of the empirical literature. The need to recognize the 'woven fabric' that individuals create within and between organizations is reflected in the variety of behavioural responses. As discussed in the literature review, three forms of colonization and six idealized behavioural responses are included and are summarized in Table 5:

Table 5 (repeated): Oakes and Berry's (2009) developed model of accounting colonization

		Behavioural response	Behavioural response exemplified by
Form of colonization	Coercive	Real obedience	Compliance with change to interpretative schemes
		Mock obedience	Compliance without change to interpretative schemes
	Instrumental	Devious compliance	Compliance, but changes to interpretative schemes are unlikely. Support is voiced, and instructions are enacted
		Dialogic compliance	Compliance with some change to interpretative schemes. Doubts may surface periodically
	Discursive	Discursively pathological	Compliance with change to interpretative schemes. Discourse may not be open. False consciousness may arise
		Discursively benign	Compliance with change to interpretative schemes. Discourse reflects Habermas' ideal speech situation

Source: Oakes and Berry (2009)

Whilst acknowledging the scope for a relationship between accounting disturbances and coercive colonization, the phenomenon is conceptualized as a continuum from enforced and undesirable change to interpretative schemes, through to change that is discursive and desirable. Behavioural

responses range from real obedience due to the ‘relentless imposition’ (Oakes and Berry, 2009, p. 373) of coercive practices to discursively benign behaviour that arises as a result of Habermas’s notion of communicative reasoning. A range of other responses exist between these polarities: a discussion of each is presented, via the literature on accounting colonization, in chapter three.

If accounting and its use as a design archetype does cause changes to interpretative schemes, then the Habermasian pathologies of colonization should be apparent in the behavioural responses of organizational participants. These pathologies and the organizational symptoms of accounting colonization have been considered in other settings *e.g.* Forester (1985), Kemp (1985) and Forester (1993) but have yet to be applied in the context of accounting. The Habermasian pathologies of colonization and the literature on their study in organizational contexts was examined in chapter three. A summary of these pathologies and their translation into organizational symptoms is provided in Table 6. These pathologies and organizational symptoms were explained in the literature review and are the final element of the theoretical framework that is applied in this study.

Table 6 (repeated): Pathologies and organizational symptoms of colonization

Pathology	Meaning	Organizational symptoms
Anomie	Decrease in shared meanings and mutual understanding	Inability to clarify intention; obscured and unclear meaning
Disintegration	Erosion of social bonds	Lack of role clarity; mystification
Alienation	Increase in feelings of helplessness and lack of belonging	Inability to check evidence; differentiation of expert cultures
Demoralization	Unwillingness to take responsibility for actions and for social phenomena	Unilateral decision making; lack of democracy in decision making; passivity
Instability	Destabilization and breakdown in social order	Reification of process; rupturing of tradition

Source: Forester (1985; 1993); Bohman (1999); Finlayson (2005); Innes and Booher (2015); Oakes and Oakes (2016)

A more immediate relation to Habermas's social ontology than is applied in the extant literature on Habermasian accounting colonization offers a deeper understanding of the nature of the phenomenon and its organizational impact. Alongside responding to Laughlin's (1999, p. 74) call for research that addresses the 'infiltration of accounting thought' and its impact in this context, an emphasis on the micro-practices of the organizational symptoms of colonization, the theoretical framework that is applied in this study addresses a gap in the existing literature. The presumed distinction between coercion and resistance that pervades the existing studies of Habermasian accounting colonization is far from clear. A synthesis of Oakes and Berry's (2009) developed model and the closer alignment to Habermas's social ontology offers an insight into the richness, ambiguity and nuance of accounting disturbances, the behavioural responses to these disturbances and the manner in which the organizational symptoms of Habermasian accounting colonization manifest as organizational micro-practices.

Chapter five

Methodology

Introduction: qualitative field studies

The broad research approach that is applied in this study reflects Ahrens and Chapman's (2006, p. 821) concept of a qualitative field study. This approach is based on a view that 'the field is an emergent social reality open to diverse interpretations of its participants and observers... and that this social reality can be studied' (Ahrens and Chapman, 2006, p. 829). A theoretical perspective drawn from Habermasian colonization theory is applied. A qualitative methodology is used and data were collected at three field sites that are 'in the domain field'. Choices regarding theory, methodology, research questions and data were made with a view to achieving the coherence promulgated by Silverman (1993), Tracy (2010) and Malsch and Salterio (2016). Recursive reflection on each of these elements throughout the study is utilized to achieve an 'intertwined' (Ahrens and Chapman, 2006, p. 826) approach.

Ahrens and Chapman (2006) draw on five basic research concepts from Silverman (1993) in their discussion of qualitative methodology: these concepts are used as a framework for this chapter. A summary of these concepts and how each is applied in this study is provided in Table 9.

Table 9: Research concepts (Ahrens and Chapman, 2006)

Concept	Meaning	Application
Theory	A set of explanatory concepts	Habermasian colonization theory; organizational symptoms of colonization and behavioural responses to accounting disturbances
Domain	A space in which data are collected	Field studies at three secondary schools
Methodology	A general approach to studying research topics	Qualitative
Hypotheses ³¹	A testable proposition	<p>Habermasian accounting colonization is a more complex phenomenon than that suggested by the distinction between coercion and resistance;</p> <p>Accounting disturbances of contrasting nature should lead to differences in the prevalence of the organizational symptoms of accounting colonization (the greater the severity of accounting disturbances, the greater the prevalence of the symptoms), and;</p> <p>Accounting disturbances of contrasting nature should cause different behavioural responses. The greater the severity of accounting disturbances, the greater the likelihood of mock obedience or real obedience (Oakes and Berry, 2009).</p>
Method	A specific research technique	Semi-structured interviews; Thematic analysis; archival information

Source: Author

Empirical detail is drawn from interview data collected at three secondary schools during a period from 2015 to 2017. Thematic analysis (Braun and Clarke, 2006; 2019) and Alvesson's (2011) sustained reflective pause are used to interpret the data via Habermasian colonization theory. An ongoing reflection on this theoretical perspective, the data and the testable propositions is maintained throughout. A 'back and forth questioning of interpretations' (Ahrens and Chapman,

³¹ These are not hypotheses in the sense that is often used in positivistic research. Further explanation is provided in this chapter.

2006, p. 833) is applied to the evidence. Habermasian colonization theory offers a perspective for this reflection. Draft findings were reported to interviewees and feedback was incorporated into the final account of these findings.

Strauss and Corbin (1998) emphasise the need for interpretation to be based on a close relationship between theory and data, albeit in the context of grounded theory. A grounded theory approach is not used in this study. However, the iterative process of collection, analysis and interpretation that is at the heart of grounded theory is utilized. The continuous interplay of theory and findings allows for the 'connections between research questions and data' that are demanded by Ahrens and Chapman (2006, p. 827). This study also shares Strauss and Corbin's (1998) use of categories and concepts as a framework by which the data are organized and analysed.

Theory: Habermasian colonization theory

For Ahrens and Chapman (2006, p. 836), theory is a set of explanatory concepts that provide 'a vehicle for understanding and communication'. Such vehicles should be used to connect research questions to the data: they are a key element in the iterative process of reflection that is at the heart of qualitative field studies. This need for coherence is shared by Adams (2017) and Taylor (2018), who argue that theoretical conceptualization should inform research questions, interview questions and the data condensation process (further discussion of which is presented in the method section of this chapter).

Alternative theoretical perspectives can be used to understand the nature of and extent to which accounting can lead to 'a reduction of the importance of everything that cannot be subject to these technologies' (Broadbent, Gill and Laughlin, 2008, p. 41). Examples include the use of institutional theory in the wider body of literature on the effect of accounting in the schools' sector, Gurd's (2008) application of structuration theory (Giddens, 1984) and the deployment of Schatzki's (2002) practice theory by Ahrens, Ferry and Khalifa (2018).

The dominant theoretical approaches used in the study of how accounting affects the behaviour of individuals and organizational micro-practices reflect Laughlin's (1995) middle range thinking, a view of theoretical perspectives that rests on the use of theory to establish a framework that can be developed and fleshed out during a study. German critical theory, and specifically Habermasian colonization theory, is an example of this approach and is seen by Laughlin (1995) as a means by which organizational change can be analysed and explained. Support for Laughlin's (1995) middle

range thinking is provided by, for example, Chua (2004), Brown and Dillard (2013), Gallhofer, Haslam and Yokemura (2013) and Roslender (2013).

As discussed in chapter four, Habermasian social theory is a theory of rationality and is based on universal pragmatics. This social theory comprises an explanation of how social order is possible, including the concept of communicative rationality, and a social ontology. The latter is an account of what society is like and includes the concepts of lifeworld, systems and colonization.

Habermasian colonization is a form of reification (Finlayson, 2005; Edgar, 2006; Thomassen, 2010): it occurs when systems become 'detached from the lifeworld and operate according to the internal imperatives of money and power' (Bohman, 1999, p. 71). Laughlin (1991) and Power and Laughlin (1996) translate and modify Habermasian colonization theory for use in organizations. This work is summarized by Broadbent and Laughlin (2013). Oakes and Berry's (2009) developed model of accounting colonization is also based on Habermasian theory and designed for application to organizations. In this study, analysis and interpretation of the organizational symptoms of accounting colonization and of the behavioural responses to accounting disturbances are framed by Broadbent and Laughlin (2013) and Oakes and Berry (2009).

Domain: field studies (including an outline of the characteristics of each field site)

Theoretical perspective also plays a productive role in the determination of domain and its boundaries. Domain is the empirical space in which data are collected and can take diverse forms: examples include a society, a historical archive and the internet (Ahrens and Chapman, 2006). Domain can also comprise one or more organizations or field studies. Qualitative field studies enhance the opportunity for meaningful interaction between the researcher and the researched and provide for 'greater depth' than other approaches (Ahrens and Chapman, 2006, p. 825). The insight, depth and range of data offered by such interaction means that qualitative field studies are of particular use in the study of phenomena such as Habermasian accounting colonization (Malsch and Salterio, 2016): this is because individuals experience the organizational symptoms of colonization, are subject to accounting disturbances and display behaviours as responses to these accounting disturbances. Qualitative field studies provide a basis for a close engagement with participants, their experiences and their behaviour; they can also be used to avoid what Ahrens and Chapman (2006, p. 833) describe as a 'thinning out' of empirical detail.

Data are drawn from three field sites and were collected during a period from 2015 to 2017. A multiple and comparative case study design is used: case studies offer particular benefits in the

generation of detailed and intensive insights into complex phenomena such as Habermasian accounting colonization (*e.g.* Blumberg, Cooper and Schindler, 2005; Bryman and Bell, 2007; Yin, 2009; Buchanan, 2012; Malsch and Salterio, 2016). Both the organizational symptoms of accounting colonization and Oakes and Berry's (2009) behavioural responses arise due to the effect of accounting disturbances in organizations. These symptoms and behavioural responses are exhibited by organizational participants: as such, the study of accounting colonization cannot be divorced from those participants and the context of the field sites at which organizational micro-practices are applied. The use of qualitative field studies is also consistent with much of the extant empirical research on accounting colonization *e.g.* Broadbent and Laughlin (1998), Broadbent, Jacobs and Laughlin (2001), Oakes and Berry (2009), Oakes and Oakes (2016) and Masquefa, Gallhofer and Haslam (2017). These studies also use multiple and comparative case study designs.

A summary of the characteristics of each field site and the accounting disturbances to which organizational participants were subject can be found in Table 10. Further detail on the nature and characteristics of each field site can be found in the findings chapters. Additional information is provided in appendix B.

Table 10: Characteristics of schools as at 1 April 2017

School	Type of school	No. of pupils (2017)	Ofsted rating ³²	Ownership, governance and management	Funding	Accounting disturbances
A	Community	729	3	LEA controlled	LEA	New approach to budget setting and budgetary control (LEA).
B	Sponsored academy	1,026	4	Academy	ESFA	New approach to budget setting and budgetary control (school); Receipt of a financial notice to improve by the ESFA ³³ ; Requirement to prepare a financial recovery plan to achieve a balanced operating budget by 2019/20; and Preparation and publication of financial statements.
C	Converter academy	1,014	3	Multi-academy trust; governing body is accountable to a management board	ESFA	New approach to budget setting and budgetary control (school); New main accounting system and related software; and New governance framework following creation of a multi-academy trust.

Source: Author; Department for Education (2018b)

Arrangements for ownership, governance, management and funding at each school were different. School A is a community school: it is controlled and funded by an LEA. School B is an academy school and was established as a sponsored academy under the Education Act 2002. This school was created as a result of an intervention by central government following poor academic and financial performance. School B is a charitable company and ownership of its assets was transferred to the governing body of the academy on formation in 2011. School C is also an

³² 1 = Outstanding, 2 = Good, 3 = Requires Improvement, 4 = Inadequate.

³³ Education and Skills Funding Agency: provider of funding to and (for academies) regulator of schools. Part of central government (the Department for Education).

academy school and was established in 2012. Like School B, the organization is a charitable company and ownership of its asset's rests with its governing body. In contrast to School B, School C is a converter academy: it voluntarily adopted academy status under the Academies Act 2010. Prior to conversion, academic and financial performance was reasonable. School C is part of a multi-academy trust or 'brand': it is part of a group of academy schools³⁴. The headteacher and the governing body of the School have delegated responsibility for management and governance. A management board is responsible for performance and, in turn, is accountable to central government.

The selection of field sites was strategic (Miles, Huberman and Sandana, 2014). Ownership, governance, management and funding arrangements at each school were different and the nature of the accounting disturbances at each field site were also dissimilar. Accounting disturbances of differing nature should result in variations in the prevalence of the organizational symptoms of colonization; they should result in contrasting organizational micro-practices.

The design of many of the existing empirical studies of Habermasian accounting colonization reflect attempts to manage the impact of extraneous organizational characteristics. An understanding of the relationship between accounting disturbances, the organizational symptoms of accounting colonization and the behavioural responses to these disturbances requires a focus on factors that are 'directly of significance' (Broadbent *et al.*, 1994, p. 66). All three schools are located in the same local authority area. Each was situated in areas that were amongst the 30 percent of the most deprived neighbourhoods in England³⁵. Whilst these similarities do not obviate factors that could influence the nature of any of the organizational symptoms of colonization and the behavioural responses to accounting disturbances, they do allow for some consistency. Focus is also underpinned by a sustained reflection (Alvesson, 2011) on empirical detail, theory and the objectives of the study.

³⁴ However, as at the time of writing School C was the only entity in this multi-academy trust.

³⁵ The Index of Multiple Deprivation (IMD) is the official measure of relative deprivation in England. Small areas or 'neighbourhoods' comprising approximately 1,500 residents or 650 households are measured using seven different domains of deprivation: income, employment, education and skills, health deprivation, crime, barriers to housing and living environment. There are 32,844 small areas in England; a ranking of 1 indicates the most deprived small area. School A was situated in a small area ranked 7,753 out of 32,844; School B 9,479 out of 32,844, and; School C 5,008 out of 32,844.

Methodology

A qualitative methodology is adopted. In this study, methodology is used to refer to the general approach that is taken for the study of a topic; research method relates to data collection and analysis techniques. Both methodology and method are founded on an interpretivist epistemological position: their aim is to provide for an understanding and interpretation of the construction and subjective meaning of social actions (Outhwaite, 1975; Guba and Lincoln, 1989; Outhwaite, 1996). A theoretical perspective from Habermasian colonization theory is used as a basis for this understanding and interpretation.

Qualitative methodology offers an alternative to positivism, which entails an ontological assumption that 'empirical reality is objective and external to the subject' (Chua, 1986, p. 611) and includes an epistemological corollary that it can be studied through objective categories and verified by empirical scientific methods. Constructionism is applied as an ontological position: an attempt is made to identify, analyse and explain how human actions and interactions inform, constitute and are affected by Habermasian accounting colonization. As with the use of field studies and a comparative case study design, epistemological and ontological positions are consistent with those adopted in much of the empirical literature on accounting colonization *e.g.* Broadbent and Laughlin (1998), Broadbent, Jacobs and Laughlin (2001), Oakes and Berry (2009) and Oakes and Oakes (2016).

Ahrens and Chapman (2006) question the ontological assumption that underpins positivistic research methodology. For Ahrens and Chapman (2006), the application of a method (rather than a methodology) that seeks to access this empirical reality is not, in itself, seen as problematic; the assumption that an empirical reality actually exists is, however, seen to be of greater concern. A resultant over-emphasis on research method fails to reflect the 'possibility of social reality's emergent, subjective and constructed properties' (Ahrens and Chapman, 2006, p. 822).

The use of a constructionist ontology in this study is consistent with and reflective of its aim. An understanding of the nature of Habermasian accounting colonization and of its impact on individuals and organizations in the schools' sector requires an engagement with the subjective and internally constructed nature of the phenomenon.

Hypotheses (testable propositions)

The strategic and purposive (Adams, 2017) selection of field sites permits a focus on how the organizational symptoms of colonization and behavioural responses to accounting are affected by

different accounting disturbances. As outlined in the discussion of domain, the empirical literature suggests that accounting disturbances of contrasting nature should lead to differences in the prevalence of the organizational symptoms of Habermasian accounting colonization and should result in different organizational micro-practices. Both the symptoms of colonization and the behavioural responses should also be affected by differences in ownership, governance, management and funding. Hence, three testable propositions or 'hypotheses' are considered:

- (1) Habermasian accounting colonization is a more complex phenomenon than that suggested by the distinction between coercion and resistance;
- (2) Contrasting accounting disturbances should lead to variations in the prevalence of the organizational symptoms of accounting colonization; and
- (3) Accounting disturbances of contrasting nature should cause different behavioural responses. The greater the severity of accounting disturbances, the greater the likelihood of mock obedience or real obedience (Oakes and Berry, 2009)

For Ahrens and Chapman (2006), the inclusion or otherwise of hypotheses as part of a qualitative approach is not critical: the aim of the study and the interaction of theory, methodology, data and interpretation are important. The aim of this study is to develop the understanding of the nature of Habermasian accounting colonization and to critically evaluate its effects in the schools' sector. A recursive approach to data collection, interpretation and theoretical repositioning was applied. Habermasian accounting colonization offers a theoretical perspective in which this iterative process was situated.

Method: semi-structured interviews, thematic analysis and archival information

Data were collected using semi-structured interviews; questions were mainly open ended. The use of semi-structured interviews is a common feature of the study of accounting colonization *e.g.* Broadbent *et al.* (1994), Broadbent and Laughlin (1998), Oakes and Berry (2009), Campanale and Cinquini (2016) and Oakes and Oakes (2016). Interviews are also a prevalent approach in the wider body of research on the effect of accounting in the schools' sector (Edwards *et al.*, 1995; 1996; Edwards, Ezzamel and Robson, 1999; 2005; Ezzamel *et al.*, 2007; Ezzamel, Robson and Stapleton, 2012).

The use of interviews is consistent with a constructionist ontological position (Eisenhardt and Graebner, 2007; Alvesson, 2011). Ahrens and Chapman's (2006) main concern in research method

is the achievement of such coherence: the use of a particular method must allow for the dynamic interplay of data, interpretation and theory. Coherence is also underpinned by the use of field studies and the use of interviews as a research method. Semi-structured interviews offer an opportunity for flexibility and open-ended interaction. Links are made 'between theory and findings from the field in order to evaluate the potential interest of the research' (Ahrens and Chapman, 2006, p. 837).

A total of 24 semi-structured interviews were conducted between 2015 to 2017. As with the selection of field sites, a strategic and purposive approach to sampling (Miles, Huberman and Saldana, 2014) was employed. These interviews were carried out with teachers and bursars: this provided an opportunity to consider the testable propositions from different perspectives. As argued by Malsch and Salterio (2016), interviews with people at the same levels of different organizations provided for corroboration of data observations and for data saturation. Initial contact with potential interviewees was developed using the author's background and engagement activities. All of the prospective participants who were approached agreed to be interviewed.

Each interview began by asking participants to outline their professional background, current job role and tenure. Questions on experiences of accounting and the influence of accounting disturbances on human actions, interactions and organizational micro-practices followed. Given the aim of the study, questions focussed on the nature of accounting disturbances and the characteristics of and extent to which the organizational symptoms of accounting colonization and behavioural responses manifested as a result of these disturbances. The use of a semi-structured approach to interviewing provided opportunities to explore points of interest, to develop links between data and theory and to consider initial interpretations.

The use of semi-structured interviews reflects an emphasis on the relationships between accounting disturbances, organizational symptoms of colonization and behavioural responses. The focus of this study is on the way in which accounting disturbances affect human actions and interactions (Chua, 1986): as such, semi-structured interviews offer a means by which insights into 'lived experience' (Silverman, 2015, p. 178) can be obtained. Frameworks for the interviews and the interview questions were developed via the analysis of the role of accounting in the schools' sector (see chapter two), a review of the empirical literature on Habermasian accounting colonization (see chapter three) and the theoretical perspective that underpins this study (see chapter four).

Archival information regarding each field site and the broader context of the nature of accounting in the schools' sector was used to prepare for interviews: this also provided valuable contributions to other parts of the study and developed what Yin (2009) describes as a rich source of internally validated field data. These documents also provided a basis by which some triangulation of the primary data that was obtained from interviews was made with data from other sources (Malsch and Salterio, 2016). A summary of this contextual information is presented in Table 11:

Table 11: Contextual information used to support preparation for interviews

Context	Resource type	Example information
Field sites	Financial	Financial statements; budget monitoring reports; management accounts; section 42 ³⁶ and section 251 ³⁷ budget and outturn statements
	Governance	Annual reports; minutes of, and papers considered at, meetings of governing bodies and their committees
	Regulatory	Ofsted inspection reports
Schools' sector	Data and statistics	Department for Education (2017) Expenditure by local authorities and schools on education, children and young people's services in England; Department for Education (2018) Trends in school spending: 2002 to 2016
	Legislation	Education Reform Act 1988; School Standards and Framework Act 1998; Education Act 2002; Academies Act 2010
	Regulation	Accounts and Audit (Amendment) (England) Regulations 2006; The School Finance (England) Regulations 2012; The School Information (England) (Amendment) Regulations 2016; The School and Early Years Finance (England) Regulations 2017
	Guidance	Department for Education (2013) Schemes for financing schools; Department for Education (2018) Academy and free school funding agreement; ESFA (2018) Academies Financial Handbook; ESFA (2018) Academies Accounts Direction

Source: Author

³⁶ Section 42 of the Education Reform Act 1988 requires the publication of data on budgets allocated to schools, budget outturns and balances carried forward.

³⁷ Section 251 of the Apprenticeships, Skills, Children and Learning Act 2009 requires the publication of annual budget and outturn statements.

Interviewees were advised of the aim of the study, the research objectives and the testable propositions. At each site, three teachers and one bursar were interviewed. Each participant was interviewed twice. The second interviews provided an opportunity for clarification, to trace changes in response over time and to follow-up issues that emerged in initial interviews. Like the choice of field sites, a strategic and purposive (Adams, 2017) approach was applied to the selection of interviewees. Each interview lasted approximately one hour. Interviews were recorded and transcribed; permission for interviews to be recorded was requested.

Data analysis was supported by the use of computer-assisted data analysis software (NVivo). Interview data were analysed using thematic analysis. Braun and Clarke (2006; 2019) define this as an approach to the analysis of qualitative data that focusses on the examination of themes and patterns of meaning within data. Crucially, thematic analysis is compatible with both an interpretivist epistemology and a constructionist ontological position (Braun and Clarke, 2006). It also permits both flexibility of analysis and the consideration of explicit and implicit meaning within data: it seeks to take account of factors beyond the detail of what has been said or what is in a text. As applied by Oakes and Berry (2009), thematic analysis included an examination of the lived experiences, behaviours and perspectives of organizational participants and the social processes that shape those experiences, behaviours and perspectives.

An initial coding scheme was developed via a review of the empirical literature on Habermasian accounting colonization, the theoretical perspective that underpins this study and the analysis of accounting's role in the schools' sector. The author listened to the interview recordings and read the transcripts several times. Recursive reflection (Ahrens and Chapman, 2006) on the literature, the theoretical perspective and the data and decorative reorganization (Miles, Huberman and Saldana, 2014), including mind-mapping, enabled data reduction (Coffey and Atkinson, 1996) or what Adams (2017, p. 913) describes as 'data condensation' and modifications to the initial coding scheme. This process culminated in the identification of broad thematic nodes: these are analogous to Strauss and Corbin's (1998) concept of categories as high-level abstractions of real-world phenomena in grounded theory. Specific codes were then generated. These codes emerged from both the theoretical perspective and from the data and are analogous to concepts (Strauss and Corbin, 1998). As recommended by Silverman (2015), certain codes were also adopted to highlight memorable quotations; others were used to represent particular styles of narrative. Details of the coding scheme can be found in appendix C.

Notwithstanding the benefits of this recursive process, the coherence of the overarching research approach, the effort to achieve consistency therein and the structuring of interview questions

around the testable propositions meant that some modifications were needed to the initial scheme. The coding scheme was applied and the data were organized using the research objectives and the testable propositions. Examples of the application of the coding scheme are detailed in appendix D.

Multiple iterations of the coding process were applied and included annotations of the data, minor modifications to the coding scheme, the writing of notes and the organization and reorganization of data. Data saturation (Morse, 1995) was apparent in the form of repeated references to similar observations from multiple interviewees at different field sites as the study progressed.

Empirical detail is connected to the theoretical perspective of Habermasian accounting colonization and to the testable propositions. As noted by Ahrens and Chapman (2006, p. 820) 'data are not untainted slices of objective reality but aspects of recorded activity that are significant for theoretical reasons'. Habermasian theory rests on social interaction (Outhwaite, 1996; Finlayson, 2005; Edgar, 2006). Braun and Clarke (2006; 2019) argue that thematic analysis is particularly suited to research situations in which there is such interaction. It is also consistent with the interpretivist epistemological and constructionist ontological positions that are adopted in this study. Interpretation and discussion are framed by the organizational symptoms of accounting colonization and by behavioural responses to accounting disturbances.

Chapter six

Findings: An analysis of the role of accounting in the schools' sector using Habermasian colonization theory

Introduction

The purpose of this chapter is to analyse accounting's role in the formulation and implementation of policy in the schools' sector. Habermasian colonization theory is used to develop this analysis. One of the key contributions of this study is a closer alignment to Habermas's social ontology and Habermasian colonization theory than is applied in the existing body of literature. Both Broadbent and Laughlin's (2013) modified and translated framework and the developed model of accounting colonization offered by Oakes and Berry (2009) are intended for use in the study of the impact of Habermasian accounting colonization on organizational participants. Each offers a focus on the investigation of organizational micro-practices that is promulgated by Ezzamel, Robson and Stapleton (2012) and are applied in chapters seven and eight, respectively.

In this chapter, Habermasian colonization theory and Habermas's (1987) pathologies of colonization are used to analyse the effects of policy reform in the schools' sector as a whole, rather than at the level of organizational micro-practices. The Habermasian pathologies of anomie and instability emerge at a societal level (as well as at the level of the individual). As such, these pathologies are the focus of a macro-level analysis of policy reform that is developed in this chapter. An outline of Habermasian colonization theory, of Habermasian accounting colonization and of the pathologies of Habermasian colonization is presented in this chapter by way of introduction and context: further explanation is provided in chapter four.

The role of accounting in the schools' sector

As discussed in chapter two, accounting's role in the schools' sector from the Education Act 1944 to the Education and Adoption Act 2016 comes together around three related themes: market orientation, increasing financial autonomy for schools and the use of formulae for funding allocation. As at the time of writing, the establishment of converter academies following the Academies Act 2010 marks the apogee of these themes. The shared responsibilities and accountabilities created by the Education Act 1944 have been elided. Reform of arrangements for

ownership, governance, management and funding have been underpinned by accounting and related methods of economic calculation.

Alongside the Academies Act 2010, the Education Reform Act 1988 and the introduction of the LMS, the creation of sponsored academies following the Education Act 2002 and the separation of funding for schools from that for other local authority services following the introduction of the DSG in 2006 are also particularly important points in this process (Jones, 2003; Chitty, 2009; Benn, 2011).

Broadbent, Laughlin and Willig-Atherton's (1994) conceptualization of private sphere and public sphere accounting activities presents a schema by which the role of accounting in the schools' sector can be considered: this perspective is applied in chapter two. Public sphere accounting's use in decision making and demonstrations of accountability reflects a qualitative difference from private sphere accounting, which encapsulates accounting's role in organizational housekeeping and stewardship. The notion of public sphere accounting as an 'element in channels of communication and power to use resources' (Broadbent, Laughlin and Willig-Atherton, 1994, p. 267) embodies the way in which accounting has been used to underpin market orientation, increasing financial autonomy and the use of formula-based methods of funding allocation in the schools' sector. Whilst not the sole driver of policy formulation and implementation, accounting and accounting techniques are very much the 'technical lifeblood' (Guthrie, Olson and Humphrey, 1999, p. 211) of much of the reform.

Habermasian colonization theory

Habermas's social ontology rests on the mutually supporting concepts of lifeworld, systems and steering media. For Habermas (1987, p. 135), the lifeworld contains an inventory of 'norms and values and the competences of socialized individuals' and supplies the resources for coherence and solidarity amongst social actors: this element of Habermas's ontology provides the setting for communicative action in society. The aim of communicative action is to achieve mutual understanding between social actors via the 'unforced force of better argument' (Habermas, 2001, p. 147). This consensus cannot be divorced from the process of meaningful engagement by and interaction between social actors.

In contrast, Habermasian systems are the site for instrumental action: social actors engage in this form of action to attain objectives other than the achievement of consensus (Finlayson, 2005; Thomassen, 2010). For Habermas, these objectives are often determined antecedently and

independently of social actors and their causal acts. Habermas (1984) acknowledges that complex societies need systems and the instrumental action for which they provide a setting. The 'wearing and possibly futile' (Edgar, 2006, p. 182) effort that would be needed were all interactions between social actors to depend on communicative action is not realistic in modern societies. In Habermas's social ontology, the economic system (or market) and political system (or state) allow for simplification. The pre-established patterns of action provided by these systems offer a basis by which actions and interactions can be regulated without the need for communicative action (Thompson, 2010).

Steering processes coordinate systems to ensure their alignment with the shared norms and beliefs of the lifeworld: they offer a basis by which systems can be 'anchored' (Habermas, 1987, p. 259) to the lifeworld. For Habermas, money and power coordinate the economic system and political system, respectively (Habermas, 1987). Habermas (1987) also acknowledges the role of law and government regulation as steering media.

Habermasian colonization occurs when systems and steering processes extend beyond their normative purpose as 'relief mechanisms' (Finlayson, 2005, p. 88). Rather than reflecting the values and norms of the lifeworld, systems and steering media come to regulate interactions between social actors in the lifeworld. Since instrumental action takes place in systems, it displaces the communicative action that should take place in the lifeworld. As the maintenance of the resources of the lifeworld depends on successful communicative action, this displacement causes the lifeworld 'to shrink to a subsystem' (Habermas, 1987, p. 173) as those resources deteriorate. Finlayson (2005, p. 89) argues that systems are reified to the extent that they possess a 'quasi-natural reality... that escapes human control'. The steering media of money and power allow the instrumental action of systems to 'turn back destructively upon the lifeworld' (Habermas, 1987, p. 186).

The Habermasian pathologies of anomie and instability

Habermasian colonization theory is largely conceptual: Habermas neither developed this theory for use in organizations nor considered the role of accounting. The modified and translated framework of Habermasian colonization provided by Broadbent and Laughlin (2013) is a practical tool for the study of accounting colonization. For Broadbent and Laughlin (2013), organizations possess their own lifeworlds (for Broadbent and Laughlin, 2013, these are renamed as interpretative schemes), systems (subsystems) and steering media (design archetypes).

Accounting is one of these design archetypes. It provides a linking mechanism between organizational interpretative schemes and subsystems. Habermasian accounting colonization occurs when accounting extends to affect interpretative schemes and the behaviour of individuals in organizations.

Habermasian colonization affects both individuals and society: Habermas (1989) refers to these effects as pathologies, a discussion of which is developed in chapter four. Broadbent and Laughlin's (2013) modified and translated framework offers a powerful basis by which the impact of accounting on the behaviour of individuals can be investigated (Power and Laughlin, 1996; Broadbent and Laughlin, 2009; Broadbent and Laughlin, 2013). Similarly, Oakes and Berry's (2009) developed model of accounting colonization, which is founded on the work summarized by Broadbent and Laughlin (2013), is focussed on organizational micro-practices and the impact of accounting on the behaviour of individuals.

An analysis of the extent to which Habermasian accounting colonization is manifest in policy reform in the schools' sector demands a different approach from that adopted by Broadbent and Laughlin (2013) and Oakes and Berry (2009). The overall effect of these pathologies is a loss of the legitimacy of societal order (as determined by the lifeworld) whereby 'interaction can get caught because deception and self-deception can gain objective power' (Habermas, 1987, p. 378). The societal level pathologies of anomie and instability are pertinent in this context: in Habermasian colonization theory, they are indicative of the impact of the reification of systems and instrumental action at the aggregated level of society, rather than at the level of the individual, although their origins as societal level pathologies can be found in the behaviour of individuals.

Anomie is characterized by a decrease in shared meanings and mutual understanding. Edgar (2006, p. 240) interprets anomie as a wearing away of the 'normative grounding of the state'. This erosion is due to an over-reliance on systems and steering processes by social actors, including those responsible for policy formulation and implementation. Mutual understanding that would allow for suitable grounding is lost due to a lack of communicative action; well-intentioned attempts to restore the legitimacy of the state are pursued via steering processes, systems and instrumental reasoning that, whilst offering superficial resolution to societal problems, ultimately lead to a further loss of consensus.

Like anomie, instability is a societal level pathology of Habermasian colonization. Destabilization and a breakdown in social order are typical of this pathology: a 'fragmentation' (Habermas, 1987, p. 354) of and 'scattered perspectives' (Habermas, 1987, p. 355) on society results. Thomassen (2010) argues that instability arises via steering processes that allow instrumental reasoning to

inform and ultimately dominate the lifeworld. The communicative mechanisms that allow social actors to deliberate on matters of rightness and truth (Habermas, 1987) are ruptured. Fragmentation and scattered perspectives result.

Anomie

The decrease in shared meanings and mutual understanding that characterize the Habermasian pathology of anomie leads to 'a growing sense of meaninglessness' (Habermas, 1987, p. 183). As discussed in chapter four, anomie emerges due to a dependence on systems and steering media. In their capacities as workers in an economy and citizens of a state, social actors come to rely on these systems and steering processes.

Reification of systems and steering processes means that money (in the economic system) and power (in the political system) come to determine and govern interactions in the lifeworld (Finlayson, 2005; Edgar, 2006). As both Bohman (2000) and Thomassen (2010) note, recurrent crises in the economic and political systems result in demands for reform: these calls for change are increasingly framed by the instrumental reasoning that informs Habermasian systems. Policymakers and those responsible for implementation respond to these demands using the same instrumental reasoning that informs the calls for change. For Habermas, the lack of communicative action in this process leads to the depletion of the shared competences and values of the lifeworld and the destruction of the state's normative foundations.

Anomie: Market orientation

The self-perpetuating nature of anomie can be found in the development of a market-based system in the schools' sector. The last of the five 'Black Papers' (Cox and Boyson, 1977) provides the origin of the aspect of policy reform and implementation. Cox and Boyson (1977) see parental choice as a panacea for the perceived failures of a system of education. Parents are seen as proxy decision makers in secondary education via a voucher scheme, with pupils as 'customers'. Institutions that fail to attract sufficient 'customers' (and therefore vouchers) 'should then be closed and their staff dispersed' (Cox and Boyson, 1977, p. 9).

The voucher system was not implemented, but it is indicative of the market orientation that was viewed as a foundation for much of the policy reform of the schools' sector and the wider public sector. Age-weighted pupil numbers, rather than historic patterns of expenditure, were used to

determine funding allocations for schools on the basis of 'a school's objective needs' (LMS Initiative, 1988, p. 31). Moves to conceptualize schools as corporatized units were supported by the need for LEAs to budget for and publish a report on the use of capitation resources under the Education Act (No. 2) 1986, the creation of GMSs (Education Reform Act, 1988, s. 52), CTCs (Education Reform Act, 1988, s. 105) and, most obviously, by the LMS (Broadbent, Laughlin and Willig-Atherton, 1994; Hood, 1995; Edwards, Ezzamel and Robson, 2005). Dixon (1991, p. 47) described this aspect of policy reform as 'the most far-reaching and important of the [then] proposed changes'.

Accounting has been shown to play an important role in the implementation of these reforms and, therefore, is implicated in the far-reaching consequences described by Dixon (1991). In a direct sense, accounting underpinned the objective approach to funding determination that, to some extent, reflects Cox and Boyson's (1977) voucher system, the budgeting and reporting arrangements for capitation resources required by the Education Act (No.2) 1986, and the delegation of financial resources and financial decision making authority to governing bodies that is at the heart of the LMS.

Management of delegated budgets by schools also requires the use of budgeting and budgetary control systems and arrangements for the exercise and scrutiny of financial probity: again, accounting offers a basis by which this aspect of policy reform could be implemented. Power, Laughlin and Cooper (2003) conflate accounting with other methods of economic calculation in the schools' sector. Examples include changes to the assessment system and the use of 'league tables': this conflation is suggestive of an importance for accounting outside of the core activities of budgetary control, financial reporting and funding.

If the importance of accounting in a market-based system in the schools' sector is accepted, then its causative role in the emergence of any anomie would appear to be self-evident. Cox and Boyson's (1977) view of marketization as a response to the deficiencies of the schools' sector is typical of the Habermasian pathology of anomie: weaknesses (real or otherwise) were addressed using systems and steering processes, rather than communicative reasoning. A reliance on these systems, rather than the communicative action of the lifeworld, leads to a loss of shared meaning (Habermas, 1987) and, ultimately, to a reduction in the legitimacy of the state as crises recur despite the reform of policy.

Evidence of a decrease in shared meanings and mutual understanding in the schools' sector as a result of market orientation is mixed: Edwards *et al.* (1995) suggest that many schools continued to cooperate with each other following the Baker Act and the implementation of the LMS.

Continued mutual understanding between organizations in the schools' sector is also found by Broadbent and Laughlin (1998), Edwards *et al.* (2002), Edwards, Ezzamel and Robson (2005) and Ezzamel, Robson and Stapleton (2012). Indications of 'collegial professional logic' (Ezzamel, Robson and Stapleton, 2012, p. 290) and of schools 'reacting so strongly against the changes' (Broadbent and Laughlin, 1998, p. 431) contrast with the sense of meaninglessness and lack of shared understanding that typify this Habermasian pathology.

Notwithstanding the evidence of cooperation and consensus amongst schools, some of the indicators of anomie in the schools' sector can be found in the literature (*e.g.* Dixon, 1991; Edwards, Ezzamel and Robson, 2005; Ezzamel, Robson and Stapleton, 2012). As discussed in chapter two, accounting is pivotal to the LMS reforms. Whilst funding for corporatized units was not contingent on the vouchers proposed by Cox and Boyson (1977), section 38 (3) of the Education Reform Act 1988 required LEAs to allocate financial resources to schools using age-weighted pupil numbers. Failure to attract sufficient funding would result in financial unviability (Broadbent, Laughlin and Willig-Atherton, 1994; Broadbent and Laughlin, 1998; Edwards, Ezzamel and Robson, 2005).

Edwards *et al.* (2002) point to links between a market-based system in the schools' sector and changes to approaches to financial decision making in schools as a result of this policy. These include suggestions of a shift in schools' perspectives of their own roles (Edwards *et al.*, 2002) in the form of reductions in shared values and mutual understanding. Broadbent, Laughlin and Willig-Atherton (1994) also note how the Education Reform Act 1988 engendered leadership and managerial approaches that reflect instrumental reasoning and a lack of consensus.

The development of a market-based system in the schools' sector (and accounting's role therein) also reflects Habermas's own explanation of how policy reform and implementation can lead to anomie (Habermas, 1987). Welfare state policies of the type considered by Habermas (1987) are seen as well-intentioned responses to demands for change. Managerial and administrative arrangements that are designed to implement these policies give rise to complexity. Habermas (1987) views this complexity as a well-intentioned consequence of efforts to organize activities to protect the rights of individuals. Cox and Boyson's (1977) voucher scheme, leaving aside the political context in which it is situated, corresponds with Habermas's (1984) view of policy reform and implementation in this context.

If the evidence of anomie due to the Education Reform Act 1988 is mixed, then the reform following the School Standards and Framework Act 1998 presents more obvious indicators of this Habermasian pathology. The ability of schools in EAZs to vary the 'statutory conditions of

employment of the school teachers in a participating school' (School Standards and Framework Act, 1998, s. 13 (1)) and to deviate from the national curriculum is indicative of the decreases in shared meaning that characterize anomie: both create the potential for the shifts in logic noted by Ezzamel, Robson and Stapleton (2012). The involvement of private sector sponsors in EAZs also reflects the emphasis on management approaches and business methods highlighted by Hood (1995). However, both Broadbent, Laughlin and Willig-Atherton (1994) and Edwards *et al.* (1996) report little evidence of private sector approaches to accounting in schools within EAZs.

Like the Education Reform Act 1988, the Education Act 2002 reflects market orientation. The sponsored academies created following this legislation were remodelled as 'public-private partnerships' between central government and sponsors such as charities. As discussed in chapter two, the origin of these schools can be found in the Learning and Skills Act 2000 which provided for the renaming of CTCs as city academies; such schools specialized in subjects 'specified by order by the Secretary of State' (Learning and Skills Act, 2000, s. 130 (3)) and were usually located in deprived areas.

Unlike the view of schools as corporatized units under the LMS, sponsored academies are accountable to central government for their use of financial resources, rather than to their LEA. As Stafford and Stapleton (2016, p. 4) note, the Baker Act led to 'a loosening of the power of the LA [local authority]³⁸ but by no means its demise'. Whilst governance arrangements were reformed and financial decision-making authority was delegated to governing bodies, responsibility for financial probity and internal control following the Education Reform Act 1988 remained with LEAs (Edwards *et al.*, 1995; Broadbent and Laughlin, 1998; Edwards, Ezzamel and Robson, 2005). LEAs also exercised control over the channelling of funding allocations to schools and retained an element of non-delegated funding for the provision of central services. Direct funding of these schools by central government removed LEAs from their role in the channelling of financial resources. Changes to governance and management arrangements also removed LEA responsibility for financial probity and internal control.

The converter academies (and free schools) established following the Academies Act 2010 could be created without the pre-condition of sponsorship and poor performance that applied in the formation of sponsored academies. The withdrawal of requirements for sponsorship and the statutory right of LEAs and parents to oppose the establishment of academy schools expedited the growth of this approach to the ownership, governance, management and funding of schools. Both types of academy are more distinct corporate units than schools under the LMS. Changes to

³⁸ More accurately, local education authority.

ownership, governance and management arrangements underpin the ‘unbundling’ (Hood, 1995, p. 96) and the companyization of schools (Edwards *et al.*, 1995; Edwards *et al.*, 2000). Governing bodies become ‘like the board of directors of a company’ (Stafford and Stapleton, 2016, p. 9) with headteachers as both chief executive officer and accounting officer. Academy schools have more direct downward accountability to parent-decision makers and pupil-customers (Stafford and Stapleton, 2016); under the LMS, LEAs were co-agents with schools in this downward accountability. More direct accountability should, at least in principle, allow for greater competitive pressure from parents and pupils due to a clearer emphasis on results (Dunleavy and Hood, 1994; Guthrie, Olson and Humphrey, 1999). However, Beadle (2010), Wilby (2010) and Wolfe (2011) have argued that these increases in direct downward accountability have been made at the expense of accountability to other stakeholders such as teachers and local communities.

Anomie: Financial autonomy for schools

The importance of the Education Reform Act 1988 and the two pieces of legislation that provide for the academies system is also reflected in their role in increasing levels of financial autonomy for schools. The ‘rhetoric of financial planning’ (Edwards *et al.*, 2002, p. 316) in the Baker Act and its LMS reforms has its origin in the delegation of capitation resources to schools following the Education Act (No. 2) 1986. Nevertheless, and as in market orientation, the Education Reform Act 1988 is a key point in policy change in this context (Dixon, 1991; Edwards, Ezzamel and Robson, 1999; Ezzamel *et al.*, 2007). This legislation required LEAs to:

Put at the disposal of the governing body of the school in respect of that year a sum equal to the school’s budget share for that year to be spent for the purposes of the school (Education Reform Act, 1988, s. 36 (2))

As with the Baker Act, the origins of the increased financial autonomy embodied by the Education Act 2002 and the Academies Act 2010 can be found in preceding reforms. The Education Act 1993 and the School Standards and Framework Act 1998 both extended the proportion of funding that LEAs were required to delegate to governing bodies and headteachers. The separation of funding for schools from that for other local authority services as part of the Fair Funding Scheme (School Standards and Framework Act, 1998, chapter IV), whilst notional, continued the emphasis on financial autonomy established by the Education Reform Act 1988 (CIPFA, 2008).

Jones (2003), the CIPFA (2008) and Chitty (2009) assert that the enhancements to financial autonomy as a result of the School Standards and Framework Act 1998 are as important as those introduced by the LMS. Newly delegated responsibility for expenditure on repairs and maintenance, school meals, library services and insurance and the ability to retain surpluses on annual delegated budgets are seen as important developments in the Fair Funding reforms introduced as part of this legislation (Jones, 2003; CIPFA, 2008; Chitty, 2009). Requirements for governing bodies to prepare and publish statements of budgeted and actual expenditure can be found in the School Standards and Framework Act 1998 and throughout much of the legislation, including section 44 of the Education Act 2002 and section 253 of the Apprenticeship, Skills, Children and Learning Act 2009.

Ezzamel, Robson and Stapleton (2012) demonstrate the impact of the budgeting and budgetary control techniques that have been introduced by schools as a result of increasing financial autonomy. The use of these techniques to inculcate a 'business logic' in schools is perceived to be a key feature of the LMS and subsequent reforms. Budgeting and budgetary control issues, to some extent, led to a displacement of a professional logic that reflects 'the existing values, assumptions and identities associated with the teaching profession' (Ezzamel, Robson and Stapleton, 2012, p. 282) with those of a 'business logic'. Such displacement must affect the degree of shared meanings and understanding amongst organizational participants at least until one logic eventually achieves dominance over another. The emergence of the Habermasian pathology of anomie as a consequence of increasing financial autonomy appears, therefore, to be indubitable.

The ownership and governance arrangements for sponsored academies established under the Education Act 2002 and converter academies of the Academies Act 2010 reflects Edwards *et al's* (2000) concept of companyization: both types of institution are discrete corporate bodies, and; each must prepare and publish financial statements. As noted earlier in this chapter, headteachers of these institutions exercise roles that are equivalent to those of chief executives and accounting officers in companies; governing bodies are conceptualized as 'like the board of directors of a company' (Stafford and Stapleton, 2016, p. 9).

The 'independence, freedom and flexibility' (Stafford and Stapleton, 2016, p. 14) exercised by academy schools is reflected in the extent of their financial autonomy. Academies also have the ability to vary the pay and conditions of their teachers. As Beadle (2010) suggests, this freedom offers a scope to exercise considerable financial autonomy in organizations in which approximately 50 percent of gross revenue expenditure is spent on permanent and supply

teaching staff (Department for Education, 2018a)³⁹. Separation from LEAs and further financial autonomy is provided by, for example, direct funding from central government (rather than channelling of funding by LEAs) and exemption from the shared accountability arrangements (Agyemang, 2009; Agyemang and Ryan, 2013) with LEAs that are applied to other types of school.

Edwards, Ezzamel and Robson (1999, p.483) contend that the degree of financial control exercised by schools following the LMS and the School Standards and Framework Act 1998 was significant: schools were 'not to be directed as to how to spend their resources'. If increasing financial autonomy is a causal factor in anomie in the schools' sector, then the additional financial freedoms afforded to these institutions would seem to amplify the decrease in shared meanings and mutual understanding of this Habermasian pathology. The creation of corporatized units in the form of academy schools and the extension of financial autonomy provides an opportunity for instrumental reasoning to displace the communicative reasoning of the lifeworld (Finlayson, 2005; Thomassen, 2010). In particular, Chitty (2009) and Benn (2011) argue that variation in teachers' terms and conditions could lead to a loss of shared understanding that is typical of anomie. As explained in the theoretical perspective chapter, the use of a steering media such as money in the form of either delegated control over the use of financial resources or an ability to vary the remuneration of employees exposes the lifeworld to the imperatives of systems: the 'collegial professional logic' (Ezzamel, Robson and Stapleton, 2012, p. 290) of teachers within schools and across the schools' sector could be affected.

Whilst the aims of the policy reform vis-à-vis financial autonomy were to empower governors, control effectively came to rest with headteachers (Edwards, *et al*, 1995; Broadbent and Laughlin, 1998; Edwards *et al.*, 2002; Ezzamel, Robson and Stapleton, 2012). Indeed, the Education Reform Act 1988 made specific provisions by which governing bodies 'may delegate to the headteachers, to such extent as may be permitted by or under the scheme, their power... in relation to that [budget] sum' (Education Reform Act, 1988, s. 36 (5)). Governance and management arrangements for academies have played an important part in strengthening the role of headteachers, not least in their use of financial resources (Ezzamel, Robson and Stapleton, 2012).

Jones (2003), Chitty (2009) and Benn (2011) suggest that discretionary control over resources is particularly evident in changes in the work of headteachers, many of whom are perceived to have become 'institutional managers' rather than educationalists. This reflects some of the

³⁹ The equivalent percentage in the LEA funded sector was 46 percent (Department for Education, 2018a).

headteacher roles identified by Broadbent *et al.* (1994) and the notion of the headteachers of some academy schools as entrepreneurs (Stafford and Stapleton, 2016).

The nature of the role adopted by the senior leaders of organizations is considered to be a critical factor in the determination of behavioural responses to accounting disturbances (Broadbent *et al.*, 1994; Broadbent and Laughlin, 2004; Broadbent and Laughlin, 2009; Broadbent and Laughlin, 2013). Increasing financial autonomy has offered a basis by which some headteachers have sought to protect their schools from the effects of some of the other reforms in the schools' sector; in other cases, it has been used by headteachers as part of deliberate attempts to change organizational interpretative schemes (Broadbent *et al.*, 1994; Edwards *et al.*, 2002; Stafford and Stapleton, 2016). Instances of the latter may result in the loss of shared meanings and understanding that is characteristic of the Habermasian pathology of anomie.

Anomie: Funding formulae

Formula-based funding methods are 'aimed at ensuring the needs of recipients are taken into account' (Agyemang, 2010, p. 82). Funding mechanisms in the schools' sector operate at two levels: between central government and LEAs and subsequently between LEAs and schools. Academies, like direct grant grammar schools under the Butler Act and GMSs under the Education Reform Act 1988, receive their funding directly from central government. Direct funding allocations to academy schools by central government are also determined using formula-based mechanisms. Central government uses the same formula that is applied by each academy school's LEA; this amount is subtracted from the DSG for that LEA and allocated directly to the respective academy.

The Education Act 1944 created a shared responsibility for financial governance and management between central government, LEAs and schools. The principle of shared responsibility that underpinned the Education Act 1944 and the location of the schools' sector within the local government system meant that funding arrangements between LEAs and schools were effectively decentralized (Edwards, Ezzamel and Robson, 1999). Different funding frameworks emerged as a result of this decentralization.

Like the development of market orientation and financial autonomy in the schools' sector, the Baker Act and legislation that allowed for the introduction of academies (the Education Act 2002 and the Academies Act 2010) mark key points in the reform of funding arrangements for schools (Jones, 2003; Chitty, 2009; Benn, 2011). Another important development in funding arrangements

was marked by the introduction of the DSG in 2006, statutory basis for which was provided by the Education Act 2002. Roberts and Bolton (2017, p. 9) describe the introduction of the DSG as a 'pivotal point' in funding arrangements in the schools' sector.

Dixon (1991), Edwards, Ezzamel and Robson (1999) and Agyemang (2010) highlight how the Education Reform Act 1988 led to the replacement of historical patterns of funding between LEAs and schools that were often 'opaque' (Edwards, Ezzamel and Robson, 1999, p. 483) with those that reflect 'a school's objective needs' (LMS Initiative, 1988, p. 31). The LMS required LEAs to devise and implement resource allocation models. To a degree, decentralization continued to pervade the present funding system: LEAs were able to design and implement their own formulae to channel financial resources to schools. Whilst LEAs were free to develop their own approaches, formulae needed to be based on guidelines and were subject to ultimate approval by central government. As noted in chapter two, the need for LEAs to submit their LMS funding mechanisms for approval and the secretary of state's statutory powers to prescribe changes to these arrangements, meant that LEA funding allocations to schools came to be, in essence, based on age-weighted pupil numbers.

Subsequent reforms both reinforced the use of formulae and further circumscribed LEA freedom to design and operate funding models. Statutory provisions requiring each LEA to consult with (Education Act, 2002, s. 47A (4)) and obtain approval from (Education and Inspections Act, 2006, s. 57 (5) (2A)) its local schools forum regarding its LMS funding model presented opportunities for governing bodies and headteachers to influence funding arrangements. The Education and Inspections Act 2006 also reinforced central government's ability to prescribe changes to LEA funding models (Education and Inspections Act, 2006, s. 57 (5) (2B)).

Levacic and Ross (1999) contend that explicit calculation as part of formula-based funding offers greater objectivity than the historical relativities of incremental adjustments to established patterns. Ostensibly, the replacement of historical patterns of funding with those founded on a need-based formula should offer both greater transparency and (arguably) equity (Heald and Geaughan, 1994; Smith, 2003; Agyemang, 2010). Agyemang's (2010) investigation of funding mechanisms and their effect offers an insight into the impact of formulae on interactions between organizations following the Schools Standards and Framework Act 1998. The Fair Funding scheme that was introduced under this legislation sought to build on the LMS and subsequent related reforms (Edwards, Ezzamel and Robson, 1999). Funding for schools was notionally separated from that for other local authority services, but LEAs retained the ability to channel funding to schools using their own formulae. LEAs used and interpreted accounting information 'in the manner that

seemed convenient to them' (Agyemang, 2010, p. 94). Accounting was used to expedite LEA objectives in their interactions with schools, rather than as a basis for greater transparency and equity. Interactions between organizations are found to be marked by power relationships that, in turn, are underpinned by the use of accounting techniques (Agyemang, 2010).

The DSG is the principal mechanism by which central government allocates revenue funding in the schools' sector. The introduction of the DSG in 2006 marks a significant development in funding arrangements for schools (CIPFA, 2008; Roberts and Bolton, 2017). Funding for schools is not part of the general grant financing of local authority services by central government. Unlike the notional ring-fencing of financial resources for schools as part of the Fair Funding scheme, the DSG is formally ring-fenced: it must 'be used in support of the Schools Budget' (CIPFA, 2008, p. 27). As discussed in chapter two, the DSG is determined using a formula that, to some extent, reflects the factors used in the previous approach to funding. Both methods rely on levels of deprivation, additional educational needs and population sparsity. However, the greater emphasis that the DSG places on age-weighted pupil numbers means that, for some LEAs, total funding for schools has changed substantially. This means that the level of financial resources subsequently channelled to some schools has also changed.

There is evidence that changes to funding for some schools led to a decrease in shared meanings and mutual understanding that are symptomatic of the Habermasian pathology of anomie. Reform of funding arrangements can cause conflict both between institutions and between organizational participants within schools (*e.g.* Ezzamel *et al.*, 2007; Wilby, 2010; Ezzamel, Robson and Stapleton, 2012). As suggested by Agyemang (2010), relationships between and within organizations influence the extent to which funding formulae reflect the imperatives of different parties in a funding system; conditions in which shared meanings and mutual understandings might be affected appear to exist due to the changes caused by the DSG.

The increased asymmetry of the direct funding relationships between academies (via an executive body, if the school is part of a group or trust) and central government increases the potential impact of these power relations (Wilby, 2010; Stafford and Stapleton, 2016). Agyemang (2010) considers that asymmetry between organisations and remoteness of funding providers create greater distance between funding body and service provider that could, in principle, affect relationships and understandings in this context (Agyemang, 2010).

Notwithstanding important differences in terms of how the DSG is calculated and the relationships between academy schools and central government, its use reflects a broad continuation of the formula-based approaches to the allocation of funding to LEAs by central

government. Further similarity can be found in the nature of the methods used by LEAs to channel funding to institutions: LEAs are not required to pass the DSG directly to schools. A continued ability, subject to increasing central government control, to devise the method used to delegate funding means that LEAs retain at least some influence in this context (Agyemang, 2009; Agyemang and Ryan, 2013; Stafford and Stapleton, 2016).

Anomie: Conclusion

Anomie manifests due to a dependence on systems and a reification of steering media (Habermas, 1987). Reliance on systems and steering media by individuals leads to displacement of the communicative reasoning of the lifeworld with the instrumental reasoning of systems and steering media. Decreases in shared meanings and mutual understandings result (Finlayson, 2005; Edgar, 2006). Ultimately, what Edgar (2006, p. 240) describes as the 'normative grounding of the state' is eroded. Subsequent demands for the state to act to address perceived problems rely on systems and steering media and, in turn, lead to further erosion of the shared meanings and understanding that are needed for the proper functioning of a society (Habermas, 1984; 1987).

Reform of arrangements for ownership, governance, management and funding in the schools' sector have been underpinned by accounting and related methods of economic calculation. Evidence of the Habermasian pathology of anomie can be found in each of the three themes around which the role of accounting in the schools' sector manifests. The direct causative impact of accounting in the existence of anomie in these contexts is, however, debateable. Evidence of a decrease in shared meanings and mutual understanding as a result of the use of a market-based system is mixed. There is some evidence of cooperation and continued consensus between schools (Broadbent and Laughlin, 1998; Edwards, Ezzamel and Robson, 2005). In contrast, the effect of the Baker Act, the School Standards and Framework Act 1998 and the legislation that provides for academies has manifested in arrangements that are symptomatic of the Habermasian pathology of anomie. Broadbent, Laughlin and Willig-Atherton (1994), Edwards, Ezzamel and Robson (2005) and Ezzamel, Robson and Stapleton (2012) point to the way in which accounting has underpinned changes to financial decision making, managerial approaches and relationships between organizational participants in schools and interaction between institutions in the sector.

Accounting's role in increasing financial autonomy for schools is also implicated in the emergence of anomie. As with market orientation, the Education Reform Act 1988, School Standards and

Framework Act 1998, Education Act 2002 and Academies Act 2010 are critical points in this context. Increased financial autonomy has contributed to the displacement of the logic of the teaching profession with a business logic (Ezzamel, Robson and Stapleton, 2012). This displacement suggests a loss of meaning and shared understanding that is reflective of anomie. Further indications of this Habermasian pathology can also be found in Broadbent *et al.* (1994), Edwards *et al.* (2000) and Stafford and Stapleton's (2016) findings on the exercise of financial autonomy by headteachers.

Both the replacement of historical patterns of funding with those based on age-weighted pupil numbers and the ring-fencing of funding for schools using the DSG also create the opportunity for anomie. The transparency and objectivity offered by formula-based mechanisms (Heald and Geaughan, 1994) should counter anomie, since mutual understanding, if not shared meanings, should be promoted by this objectivity. However, Agyemang (2010) notes how funding formulae can be used to exploit and develop power relationships between organizational participants in a funding system. Communicative action could well be displaced by instrumental action in circumstances in which historical patterns of funding give way to those that are based on explicit calculations. The espoused transparency and objectivity offered by funding formulae could be viewed as a superficial response to broader societal issues (Finlayson, 2005; Edgar, 2006; Thomassen, 2010).

As at the time of writing, the zenith of the power that could be exercised by the Secretary of State is marked by the Education Act 2011. This legislation enabled central government to directly regulate the teaching profession in England; it also introduced a presumption that any new schools established by LEAs were to be free schools or academies. These powers reflect the trend of a move away from the shared responsibility of the Butler Act towards greater control by central government: examples include the ring-fencing of funding for schools following the Education Act 2002 and the removal of LEAs ability to veto the creation of converter academies under the Academies Act 2010.

Increases in the power of the state might be considered to contradict the Habermasian pathology of anomie. This pathology reflects a weakening in the legitimacy of the state that could be seen to contrast with policy changes that have increased central government power, particularly vis-à-vis that exercised by LEAs. However, anomie is not a consequence of a reduction in the power of the state; it is a manifestation of a weakening of its normative grounding (Edgar, 2006). The policy emphases on market orientation, including ownership and governance arrangements for academies that are analogous to those for companies, increasing financial autonomy for schools

and the use of formula-based funding arrangements (Edwards *et al.*, 2002; Stafford and Stapleton, 2016) reflect the use of systems and steering processes to address the perceived failings of existing arrangements. Whilst the voucher system proposed by Cox and Boyson (1977) has not been implemented, this aspect of policy change does reflect the use of Habermas's economic system (or market) and the steering media of money to resolve these perceived failings. As such, they are indicative of the Habermasian pathology of anomie.

Instability

Like anomie, Bohman (2000) and Edgar (2006) consider that instability can be attributed to a reification of systems and steering processes. Misgeld (1985) and Thomassen (2010) reflect on the broader UK education system to illustrate the nature and impact of instability: these reflections are of relevance to this analysis. 'Managerial and administrative' (Misgeld, 1985, p. 78) imperatives are considered to have been prioritized by some in the schools' sector to the extent that they have displaced other priorities and professional logics. Misgeld (1985), Fleming (2000) and Thomassen (2010) assert that pupils and parents have also prioritized these managerial and administrative imperatives.

Instability: Market orientation

An emphasis on managerial and administrative requirements can be seen as a consequence of a market-based system in the schools' sector. As discussed in the context of the Habermasian pathology of anomie, the last of the five 'Black Papers' (Cox and Boyson, 1977) provides the origin for this aspect of reform in the schools' sector. Whilst Cox and Boyson's (1977) voucher scheme was not implemented, it does reflect the market orientation that is a consistent theme of much of the subsequent legislation. This aspect of reform has contributed to the destabilization and fragmentation that are characteristic of instability.

As in the way that accounting is implicated in the Habermasian pathology of anomie, the creation of corporatized units and the market-based system in which they operate offers the scope by which instrumental reasoning might cause instability (Thomassen, 2010). There is greater proclivity for Misgeld's (1985, p. 78) 'managerial and administrative' imperatives when funding flows and, ultimately, the viability of a school, depends on securing sufficient numbers of age-weighted pupils. The conceptualization of pupils as proxy consumers of secondary education and

of parents as proxy decision makers in a market-based system has the potential to displace other approaches to reasoning. It might also displace and affect the professional logic that is associated with the teaching profession (Ezzamel, Robson and Stapleton, 2012).

However, as discussed in this chapter, the primacy of accounting in the Baker Act and the establishing of a market-based system in the schools' sector is arguable. In spite of the LMS and subsequent related reforms, strong relationships continued to exist between many schools (Edwards *et al.* 2002) and between schools and LEAs. Like the mixed evidence of anomie due to the use of funding formulae, these links contradict much of the concept of competitive provision. If market orientation is questionable, it follows that the policy objective of competition for pupils might not have resulted. Any 'scattered perspectives' (Habermas, 1987, p. 355) that typify instability might be due to factors other than accounting's role in this reform.

Doubts regarding the impact of market orientation following the Education Reform Act 1988 also exist elsewhere in the literature. Jones (2003), like Edwards *et al.* (1995) and Broadbent and Laughlin (1998), suggests that the assessment system and 'league tables' that were introduced as part of the Education Reform Act 1988 had a greater effect on the promotion of a market orientation. The reforms that were based on more immediate accounting techniques such as budgeting, whilst important, had less impact. The extent to which the Habermasian pathology of instability (and also the Habermasian pathology of anomie) exists in the schools' sector as a direct result of accounting's role in the LMS is therefore arguable.

Like the manifestation of anomie in the schools' sector, the role of accounting in the fragmentation, destabilization and scattered perspectives of instability is more directly evident in reforms such as the EAZs introduced following the Schools Standards and Framework Act 1998. Powers to deviate from the national curriculum, the involvement of private sector sponsors and the ability to vary teachers' terms and conditions of employment can all be related to Habermas's view of the nature and impact of instability.

Despite the use of accounting in the formulation and implementation of policy reforms such as EAZs, the extent to which destabilization and fragmentation in the schools' sector can be attributed to the tools and norms of accounting is contentious. Broadbent, Laughlin and Willig-Atherton (1994) find little evidence that EAZs led to the adoption of private sector approaches to budgeting. Continued reliance on incremental budgeting and a lack of participation in budget setting were found to be commonplace in schools in EAZs, a finding also noted by Edwards *et al.* (2002). Little evidence of fragmentation was apparent, although it should be recognized that

these characteristics are not necessarily particular to either schools in EAZs, other parts of the schools' sector or the broader public sector (Edwards, *et al.*, 2002).

Ezzamel *et al.* (2007) note a general lack of parental interest in the accounting information produced by schools, including sponsored academies, following the Education Act 2002. Reforms such as EAZs, 'league tables' and elements of Ofsted inspection assume greater importance in the academies system than accounting techniques such as budgeting or financial reporting. Parents, in their role as decision makers and 'purchasers' of secondary education on behalf of pupils, were found to place some reliance on such information (Ezzamel, *et al.*, 2007; Kayas *et al.*, 2018). If the fragmentation and destabilization that are symptomatic of instability are evident in the schools' sector, then they could be attributed to accounting in its broader capacity as a method of economic calculation alongside mechanisms such as 'league tables' and inspection.

Notwithstanding the importance or otherwise of accounting in the successful implementation of market orientation policy in the schools' sector, a consensus emerges from the literature: as a part of a range of related methods of economic calculation, accounting has at least contributed to the realization of Hood's (1995) private sector styles of management as a characteristic of the NPM. Whilst this is a more nebulous concept than the creation of corporatized units and the use of competition that are features of much of the policy reform in the schools' sector, it offers some insight in terms of the Habermasian pathology of instability. For Hood (1995), it represents a need to apply private sector management tools and accounting norms to areas that were previously managed using progressive public administration. The LMS's underlying philosophy of the virtues of 'good management' (Coopers and Lybrand, 1988, p. 7) rests on a 'reification of schools as private sector organizations' (Edwards *et al.*, 2002). Ezzamel *et al.* (2007) and Ezzamel, Robson and Stapleton (2012, p. 284) find that the LMS did engender some commitment to a 'business logic', but like its role in competitive provision, this was often applied alongside other reforms such as changes to the assessment system and 'league tables' due to the Education Reform Act 1988 and Ofsted inspection following the Education (Schools) Act 1992, respectively.

In conclusion, a consensus emerges from the literature on the role of accounting in the development of a market-based system in the schools' sector and the extent to which instability manifests as a result: at least indirectly and together with other methods of economic calculation, accounting activities help to underpin and constitute the formulation and implementation of market orientation in the schools' sector and the wider public sector (Edwards *et al.*, 2002; Broadbent, 2011), but the Habermasian pathology of instability is less easy to trace to accounting's role in this aspect of policy reform than that of anomie. Whereas changes such as

the provision for the delegation of financial decision making authority to governing bodies and headteachers in the Education Reform Act 1988, the Academies Act 2010 and the creation of direct accountability between academy schools and central government for the use of financial resources can all be seen as a reflection of an erosion of the normative grounding of the state, evidence from the literature indicates that its association with a rupturing of traditional perceptions of rightness and truth that is characteristic of instability is less clear.

Instability: Financial autonomy for schools

The scattered perspectives and fragmentation that are indicative of the Habermasian pathology of instability are more evident in accounting's role in increasing financial autonomy for schools. Ezzamel, Robson and Stapleton's (2012) demonstration of how instability is apparent in the schools' sector as a result of the use of budgeting and budgetary control techniques offers some insights in this context. As with the Habermasian pathology of anomie and the way in which a business logic in the schools' sector must affect any mutual understanding provided by an extant logic (such as the professional logic of the teaching profession), the displacement of the 'values and identities' of the teaching profession (Ezzamel, Robson and Stapleton, 2012, p. 282) with those of business methods is likely to have engendered destabilization. As such, the emergence of this Habermasian pathology as a result of increasing financial autonomy appears to be axiomatic.

The Baker Act provided a statutory power for governing bodies to 'spend any sum made available to them in respect of the school's budget share for any financial year as they think fit for the purposes of the school' (Education Reform Act, 1988, s. 36 (5)). This delegation of financial control is both reflective and constitutive of Hood's (1995) doctrinal components of freedom to manage by discretion, use of performance measures and of greater emphasis on outputs. Accounting's role in the development of a market-based system is part of a shift away from progressive public administration towards one that reflects a private sector mode of business (Hood, 1995). Delegation of financial control is part of what Hood (1995) identifies as a shift to a management approach that reflects a greater 'wielding of discretionary power' (Hood, 1995, p. 97).

Further extensions to financial autonomy were introduced under the Education Act 1993 and the School Standards and Framework Act 1998. The increase in the proportion of funding that LEAs had to delegate to schools and a statutory power by which the Secretary of State was able to apply 'conditions and obligations' (Education Act, 1993, s. 278 (4)) regarding LMS schemes weakened LEA influence; they also enhanced the perception that financial autonomy was an

essential feature of management in the schools' sector. A strengthening of central government power is reflected in section 48 (2) of the School Standards and Framework Act 1998 and an ability to impose 'conditions prescribing financial controls and procedures' (School Standards and Framework Act, 1998, s. 48 (2)).

The NPM and its doctrinal components contrast starkly with progressive public administration. Given the extent of these differences and the assertions regarding the significance of the Baker Act, a consequent destabilization of and breakdown in the social order that existed in the schools' sector prior to these reforms appears to be logical. Like the impact of market orientation in the Habermasian pathology of anomie, this destabilization cannot be attributed solely to increasing financial autonomy for schools. Notwithstanding these limitations, accounting has been an important factor in this aspect of policy reform and its implementation in the schools' sector.

The Education Act 2002 and the Academies Act 2010 both increased the extent of financial autonomy that could be exercised by schools via the sponsored academies and converter academies that were created following each respective piece of legislation. The 'independence, freedom and flexibility' (Stafford and Stapleton, 2016, p. 14) of financial control exercised by academy schools could cause friction between and within institutions in the schools' sector. Stafford and Stapleton (2016, p. 9) argue that a status 'equivalent of chief executive officer' and accounting officer vest even greater financial control, at least in principle, with headteachers.

Ezzamel, Robson and Stapleton (2012) and Stafford and Stapleton (2016) both highlight how the financial autonomy exercised by academies has created conflict between schools (both LEA controlled and academies), LEAs and central government. The existence of budget surpluses is the cause of 'major controversies' in this context (Ezzamel, Robson and Stapleton, 2012, p. 291). These disputes resonate with the destabilization and rupturing of tradition that typify the Habermasian pathology of instability: notwithstanding the evidence of continued cooperation between some institutions, greater conflict between organizations in the schools' sector due to issues such as budget surpluses suggests that increasing financial autonomy for schools has led to some reification of accounting and accounting techniques.

Stafford and Stapleton's (2016, p. 12) conceptualization of headteachers as 'entrepreneurs' is analogous to Broadbent *et al's* (1994, p. 75) 'managerial entrepreneur' headteacher type. The influence of headteachers is reflected in Edwards *et al's* (2002, p. 322) notion of the 'myth of the governors [rather than headteachers] as [financial] decision makers'. Despite the intentions of the Education Act (No. 2) 1986 and the Baker Act, financial autonomy under the LMS came to be exercised by headteachers, rather than governing bodies. Financial autonomy and the

'discretionary power' to manage (Hood, 1995, p. 97) are reflected in academy schools by the broader developments of freedom to adapt the national curriculum, to adjust the school timetable and, significantly in the context of financial autonomy (Beadle, 2010; Stafford and Stapleton, 2016), to vary the pay and conditions of teachers. Whilst the precise impact of increasing financial autonomy in the perceived ascendancy of and lack of trust in headteachers by teachers (Broadbent *et al.*, 1994) is not conclusive, evidence from the literature does indicate that increasing financial autonomy and the use of accounting activities such as budgeting and budgetary control are suggestive of the conditions by which instability can emerge.

Accounting has played a greater role in increasing financial autonomy than in market orientation. Given the more direct role of accounting techniques such as budgeting and budgetary control in this aspect of policy reform than in the creation of corporatized units, accounting lends itself more readily to increases in financial autonomy. Like its role in market orientation in the schools' sector, its use in financial autonomy represents the application of accounting norms and private sector approaches to management in a sector in which progressive public administration (Hood, 1995) was once dominant. The destabilization and breakdown of social order that reflects progressive public administration manifests in some of the consequences of increasing financial autonomy: displacement of a professional logic from the teaching profession, friction between organizations due to surpluses and an ability for headteachers to affect relationships between organizational participants are symptomatic of the Habermasian pathology of instability.

Instability: Funding formulae

The decentralized approach to funding arrangements that resulted from the Education Act 1944 could also be viewed as fragmented. However, the fragmentation and 'scattered perspectives' (Habermas, 1987, p. 355) of the Habermasian pathology of instability reflect a breakdown in social order: this does not appear to apply to the decentralized funding arrangements that followed the Butler Act.

The perceived failure of the schools' sector that is reflected in Cox and Boyson (1977) includes criticism of extant funding mechanisms. The voucher scheme that was suggested by Cox and Boyson (1977) reflects Habermas's (1984) concept of colonization: systems and steering media in the form of parents as proxy decision makers, pupils as proxy 'customers' and vouchers as a medium of exchange replaced a system of funding that was based on political discourse (Jones, 2003; Chitty, 2009; Benn, 2011). An economic system and a proxy for the steering media of

money reflect broader proposed reforms that are grounded in managerial and administrative imperatives (Misgeld, 1985; Fleming, 2000).

As discussed in the context of anomie, the voucher scheme advocated by Cox and Boyson (1977) was not introduced, but the replacement of historic patterns of funding with a model based on age-weighted pupil numbers that followed the Education Reform Act 1988 is a key point in the reform of funding arrangements. A reification of process that is typical of the Habermasian pathology of instability (Love, 1995; Finlayson, 2005) can be detected. Thomassen (2010) observes such reification of funding models alongside that of arrangements for inspection, performance reporting and market-based provision.

Reinforcement of the formula-based approach to funding that was introduced by the Baker Act by, for example, the need for LEAs to obtain approval from local schools forums for changes to LMS funding models (Education Act, 2002); a statutory power for central government to prescribe changes to these models (Education and Inspections Act, 2006); and, as suggested by the CIPFA (2008) and Roberts and Bolton (2017), the introduction of the DSG in 2006 and the subsequent ring-fencing of funding, all emasculated LEA ability to distribute financial resources to schools. An increase in direct funding (using the DSG) by central government following the Education Act 2002 and as a result of funding arrangements for academies following the Academies Act 2010 further reduced the role of LEAs in this context.

The continued use of funding formulae based on age-weighted pupil numbers and the reduced role of LEAs are a consistent feature of the reform of funding policy. Displacement of a funding system that reflected some of the characteristics of communicative action with one offered by systems and, via pupil numbers, the steering media of money, is characteristic of Habermasian colonization. The linking of funding to the concept of pupils as proxy 'customers' reflects the emphasis on instrumental reasoning in Habermasian systems. The reification of process that is symptomatic of the Habermasian pathology of instability is reflected in the emphasis on managerial imperatives (Misgeld, 1985; Fleming, 2000; Thomassen, 2010) that can, again, be found in each of these reforms.

Ezzamel *et al.* (2007), Agyemang (2010), Agyemang and Ryan (2013) and Ezzamel, Robson and Stapleton (2012) note how changes to funding arrangements have led to conflict in inter and intra school relationships. Destabilization of relationships is a feature of the Habermasian pathology of instability (Bohman, 1999; Bohman, 2000; Edgar, 2006): interactions that may previously have been based on communicative action are affected by instrumental reasoning. Evidence of such breakdown in relationships contradicts the purported stability offered by formula-based

mechanisms. As explained in chapter two, per pupil DSG Schools Block funding was and essentially continues to be set based on circumstances that existed when this grant was introduced in 2006. Notwithstanding the perpetuation of disparities between schools in this historical pattern of funding, this should provide for stability: governors and headteachers should have reasonable understanding of how age-weighted pupil numbers translate to DSG grant funding. The contradiction with the apparent breakdown in some relationships points to the fragmentation and scattered perspectives (Habermas, 1987) that characterize instability.

Instability: conclusion

Instability is marked by a reification of process and rupturing of tradition: fragmentation and scattered perspectives (Habermas, 1984; Habermas, 1987) on matters of rightness and truth result. As with the Habermasian pathology of anomie, the order that is maintained via the shared knowledge and mutual understanding of the lifeworld is displaced by the instrumental reasoning of systems and steering media; communicative mechanisms that support interactions between social actors and encourage participation in society are broken. Reification of systems and steering media emerge due to attempts to remedy these breakdowns.

Evidence of instability can be found as a result of accounting's role in all three themes of market orientation, increasing financial autonomy and formula-based funding. The role of accounting in these reforms is implicated in the fragmentation and breakdown in social order that are characteristic of this pathology. Similarly to the Habermasian pathology of anomie, the evidence of direct causative links between accounting and the destabilization and breakdown in order that typify instability is mixed.

The development of a market-based system in the schools' sector has contributed to some destabilization and fragmentation. Ezzamel, Robson and Stapleton's (2012, p. 284) findings on the displacement of the values and identities of the teaching profession with that of a 'business logic' are indicative of instability. Broadbent, Laughlin and Willig-Atherton (1994), Edwards *et al.* (2002) and Ezzamel *et al.* (2007) find that attempts to conceptualize schools as corporate entities did lead to some reification of the processes of a market-based system. Nevertheless, the impact of changes to the assessment system and the use of 'league tables' is greater than that of accounting in this context (Edwards *et al.*, 1995; Broadbent and Laughlin, 1998; Jones, 2003; Bente and Friestad, 2016).

Accounting has had a greater fragmentary influence in its role in increasing financial autonomy. The use of budgeting and budgetary control techniques (Ezzamel, Robson and Stapleton, 2012), the 'independence, freedom and flexibility' (Stafford and Stapleton, 2016, p. 14) exercised by academy schools and the ability of these institutions to vary the pay and conditions of teaching staff (Beadle, 2010) contrast with Hood's (1995) concept of progressive public administration. The shared responsibilities of the Butler Act were disrupted by the LMS reforms of the Education Reform Act 1988; subsequent policies, including the imposition of conditions for the delegation of financial resources to schools following the Education Act 1993 and the ring-fencing of schools' funding due to the DSG, amplify the impact of this disruption. Broadbent *et al.* (1994), Edwards *et al.* (2002), Ezzamel, Robson and Stapleton (2012) and Stafford and Stapleton (2016) identify these effects on relationships between and within institutions. Increasing financial autonomy for schools and the 'wielding of discretionary power' (Hood, 1995, p. 97) by headteachers is implicit in the inter and intra organizational friction that reflects this pathology.

As with the Habermasian pathology of anomie, there is some evidence that the replacement of historic patterns of funding with a model based on age-weighted pupil numbers led to fragmentation and a scattering of perspectives. The reform of funding arrangements under the Education Reform Act 1988, together with changes to arrangements for inspection, performance reporting and market orientation, resulted in a reification of process that is characteristic of instability (Love, 1995; Finlayson, 2005; Thomassen, 2010). Developments of the formula-based system of funding, particularly the ring-fencing of funding for schools following the introduction of the DSG in 2006, reflect a continued shift from the shared responsibility that preceded the Baker Act. A system of funding based on parents as proxy decision makers, pupils as proxy 'customers' and funding flows as a substitute for the steering media of money is typical of Habermasian colonization.

Chapter seven

Findings: Organizational symptoms of colonization

Introduction

The overarching research approach that is applied in this study reflects Ahrens and Chapman's (2006) conceptualization of a qualitative field study. Qualitative field studies enhance the potential for meaningful interaction between the researcher and the researched and for 'greater depth' (Ahrens and Chapman, 2006, p. 825).

A multiple and comparative case study design is applied. Empirical detail is drawn from three field sites that are in the domain field. 24 semi-structured interviews were conducted during a period from 2015 to 2017. These interviews were carried out with teachers and bursars: the selection of interviewees was consistent with both the objectives of the study and the testable propositions and also provided for the corroboration of data observations (Malsch and Salterio, 2016) and data saturation (Morse, 1995). The characteristics of each field site and the accounting disturbances to which organizational participants were subject are described in the methodology chapter. Table 10 provides a summary:

Table 10 (repeated): Characteristics of schools as at 1 April 2017

School	Type of school	No. of pupils (2017)	Ofsted rating ⁴⁰	Ownership, governance and management	Funding	Accounting disturbances
A	Community	729	3	LEA controlled	LEA	New approach to budget setting and budgetary control (LEA).
B	Sponsored academy	1,026	4	Academy	ESFA	New approach to budget setting and budgetary control (school); Receipt of a financial notice to improve by the ESFA ⁴¹ ; Requirement to prepare a financial recovery plan to achieve a balanced operating budget by 2019/20; and Preparation and publication of financial statements.
C	Converter academy	1,014	3	Multi-academy trust; governing body is accountable to a management board	ESFA	New approach to budget setting and budgetary control (school); New main accounting system and related software; and New governance framework following creation of a multi-academy trust.

Source: Author; Department for Education (2018b)

As discussed in the methodology chapter, arrangements regarding ownership, governance, management and funding at each school were different; the accounting disturbances at each organization were also dissimilar. Outlines of these arrangements and accounting disturbances

⁴⁰ 1 = Outstanding, 2 = Good, 3 = Requires Improvement, 4 = Inadequate.

⁴¹ Education and Skills Funding Agency (ESFA): provider of funding to and (for academies) regulator of schools. Part of central government (the Department for Education).

are presented as part of this chapter. For convenience, the testable propositions that are considered in the study are also restated here:

- (1) Habermasian accounting colonization is a more complex phenomenon than that suggested by the distinction between coercion and resistance;
- (2) Contrasting accounting disturbances should lead to variations in the prevalence of the organizational symptoms of accounting colonization; and
- (3) Accounting disturbances of contrasting nature should cause different behavioural responses. The greater the severity of accounting disturbances, the greater the likelihood of mock obedience or real obedience (Oakes and Berry, 2009)

The use of semi-structured interviews reflects an emphasis on the relationships between accounting disturbances, organizational symptoms of colonization, organizational micro-practices and behavioural responses of organizational participants. It is also consistent with a constructionist ontological position and the approach used in much of the existing empirical literature on accounting colonization *e.g.* Broadbent and Laughlin (1998), Broadbent, Jacobs and Laughlin (2001), Oakes and Berry (2009) and Masquefa, Gallhofer and Haslam (2017). The data are presented initially as 'narratives' using a descriptive format that provides a basis for development. Interview data are analysed using thematic analysis. Empirical detail is connected to Habermasian colonization theory and Habermas's pathologies of colonization, to the research objectives and to the testable propositions. A summary of findings from each field site is presented in Table 12:

Table 12: Habermasian pathologies and organizational symptoms of accounting colonization at each field site

Habermasian pathology	Organizational symptom	School		
		A	B	C
Anomie	Inability to clarify intention	Partial: LEA	Yes	Partial: trust
	Obscured and unclear meaning	Partial: LEA	Yes	Partial: trust
Disintegration	Lack of role clarity	No	Partial	No
	Mystification	No	No	No
Alienation	Inability to check evidence	No	Yes	Partial: funding body
	Differentiation of expert cultures	No	Yes	Partial: funding body
Demoralization	Unilateral decision making	No	Yes	Partial: funding body, inspection
	Lack of democracy in decision making	No	Yes	No
	Passivity	Partial: LEA	No	No
Instability	Reification of process	Partial: LEA	Yes	Partial: inspection, trust
	Rupturing of tradition	No	Yes	No

Source: Author

Framing for the discussion and interpretation of the findings in this chapter is provided by the organizational symptoms of accounting colonization. In the third and final chapter of findings, analysis of the data is underpinned by Oakes and Berry's (2009) developed model of accounting colonization. An explanation of these organizational symptoms and behavioural responses is presented in chapter three. There are instances in which the author's voice appears in the text of the findings chapters: this is used for the sake of flow and to support development. However, the author's views and opinions were not expressed during the interview process. For ease of clarity, the organizational symptoms of colonization are restated here; the coding scheme that was applied as part of the analysis of the data is detailed in appendix C.

Table 6 (repeated): Pathologies and organizational symptoms of colonization

Pathology	Meaning	Organizational symptoms
Anomie	Decrease in shared meanings and mutual understanding	Inability to clarify intention; obscured and unclear meaning
Disintegration	Erosion of social bonds	Lack of role clarity; mystification
Alienation	Increase in feelings of helplessness and lack of belonging	Inability to check evidence; differentiation of expert cultures
Demoralization	Unwillingness to take responsibility for actions and for social phenomena	Unilateral decision making; lack of democracy in decision making; passivity
Instability	Destabilization and breakdown in social order	Reification of process; rupturing of tradition

Source: Forester (1985; 1993); Bohman (1999); Finlayson (2005); Innes and Booher (2015); Oakes and Oakes (2016)

The letters A, B or C are used to denote quotes from interviewees at each field site. Teachers at each school are denoted as T1, T2 or T3. For example, the second teacher at School B is referred to as BT2. As discussed in chapter five, Strauss and Corbin's (1998) use of categories and concepts is applied as part of the analysis, discussion and interpretation of the data. The author's reading and interpretation of interview data in this chapter is informed by Habermasian colonization theory, Habermas's pathologies of colonization and the organizational symptoms of accounting colonization.

School A: Community

Introduction

School A is designated as a community school following the School Standards and Framework Act 1998: it is owned, controlled and funded by an LEA. This school was the smallest of the three field sites, with 729 pupils as at 1 April 2017, a school workforce of 90.6 full time equivalents (FTEs) (of which 50.6 FTEs were teachers) and total income of £4.7m. School A was located in an Index of Multiple Deprivation (IMD) small area ranked 7,753 out of 32,844.

Whilst School A incurred an in-year deficit of £138,000 during 2017/18, the £226,000 balance on its revenue reserve as at 31 March 2018 is similar to that of 70 percent of LEA funded institutions in the schools' sector; the median average balance for all secondary schools in the schools' sector was £370,000 (Department for Education, 2018c). School A maintained a surplus budget balance throughout the period of the study. This school's most recent Ofsted rating was '3', 'Requires Improvement'; a rating of 'Good' was received in 2012, and 'Requires Improvement' (equivalent) in each of 2007 and 2010, respectively.

Accounting disturbances at the School include the introduction of a new approach to budget setting and budgetary control by its LEA. The School 'buys back' these accounting services from its LEA; budget setting arrangements, budgetary control information and the maintenance of accounting records are all procured in this way. School A has also been affected by reforms to funding mechanisms and LMS schemes following the Baker Act, the Education Act 2002, the Education and Inspections Act 2006 and the Education Act 2011.

Interviewees emphasize the influence of the new approach to budget setting and budgetary control and the school's broader relationship with its LEA as a principal accounting disturbance. The pre-eminence of budgeting and budgetary control as an accounting disturbance is consistent with much of the wider body of research on the role of accounting in the schools' sector (Edwards *et al.*, 1995; 1996; Edwards, Ezzamel and Robson, 1999; 2005; Ezzamel *et al.*, 2007; and Ezzamel, Robson and Stapleton, 2012). As discussed in chapter six, the existence and management of budget surpluses have been the cause of friction in the schools' sector (Ezzamel, Robson and Stapleton, 2012; Stafford and Stapleton, 2016).

A summary of the findings from this and the other field sites is presented in Table 12:

Table 12 (repeated): Habermasian pathologies and organizational symptoms of accounting colonization at each field site

Habermasian pathology	Organizational symptom	School		
		A	B	C
Anomie	Inability to clarify intention	Partial: LEA	Yes	Partial: trust
	Obscured and unclear meaning	Partial: LEA	Yes	Partial: trust
Disintegration	Lack of role clarity	No	Partial	No
	Mystification	No	No	No
Alienation	Inability to check evidence	No	Yes	Partial: funding body
	Differentiation of expert cultures	No	Yes	Partial: funding body
Demoralization	Unilateral decision making	No	Yes	Partial: funding body, inspection
	Lack of democracy in decision making	No	Yes	No
	Passivity	Partial: LEA	No	No
Instability	Reification of process	Partial: LEA	Yes	Partial: inspection, trust
	Rupturing of tradition	No	Yes	No

Source: Author

Anomie

Some respondents at this School expressed views that reflect anomie: this pathology of Habermasian colonization is characterized by the organizational symptoms of an inability to clarify intention and by obscured and unclear meaning (Forester, 1985; Forester, 1993; Kemp, 1985; Oakes and Berry, 2009). For Habermas, anomie emerges due to an over-reliance by social actors on the economic and political systems and their respective steering media of money and power. The stock of shared meanings and mutual understanding in the lifeworld is exposed to and depleted by the instrumental reasoning of systems and steering processes. In the words of one teacher:

Sometimes I get the feeling that the numbers are used to obscure and hide what's really going on. It's all a bit like 'smoke and mirrors'. The budget for the department says one

thing, you know, but we know that it's something else. It just seems to make things more confusing than they need to be [AT2]

A similar point was made by another teacher who spoke of:

The budget being the budget means that we can't question it. The real budget is somewhere else. Before we did it like this, we would just ask. Now it sometimes feels like we can't or maybe shouldn't ask because the budget can't be questioned [AT3]

The bursar appeared to share some of the views expressed by AT2 and AT3. Comments such as 'the budget [for the school as a whole, rather than the departmental budget referred to by AT2 and AT3] doesn't tell the whole story' [AF] reflect this consensus. The bursar added that the budgetary control information used by the School 'sometimes causes more problems than it solves' [AF]:

I get the stuff [budgetary control information] from them [the LEA] and then spend days trying to work it out. There's no easy way for me to get to the bottom of some of the numbers. It just causes hassle [AF]

Sometimes it feels like I'm just constantly going backwards and forwards to them [the LEA], you know? [AF]

The use of words such as 'obscure' [AT2] and 'hide' [AT2] and the notion of a 'real budget' [AT3] (rather than that actually used in the School) are suggestive of the organizational symptom of obscured and unclear meaning. This organizational symptom is also evident in views expressed by AT1:

It's not as clear as it used to be. I get the feeling that a lot of what goes on when they do that [budget setting] is all a bit, you know, 'behind closed doors'. What we get to see in that [the budget] is not really what's gone on [AT1]

An inability to clarify intention was noted in comments from the bursar, who spoke of 'trying to get to the bottom of the numbers that we get from them' [AF] and 'working in the dark' when what we need is for things [the budget and budgetary control reports] to be clear [AF]. As with AT2, the phrase 'smoke and mirrors' was used by AF:

I get the feeling that we're not being told the whole story [by the LEA]. They [the LEA] use the whole 'smoke and mirrors' thing much more than they used to [AF]

Similar findings can be found in the empirical literature on accounting colonization and in the wider research on accounting's role in the schools' sector. Broadbent, Laughlin and Willig-Atherton (1994, p. 274) highlight how the use of 'budgets and their inevitable financial language' can lead to an inability to clarify intention and to obscured and unclear meaning when used in particular ways by headteachers. These organizational symptoms are seen to arise as a consequence of the use of budgets as a tool of rhetoric (Broadbent, Laughlin and Willig-Atherton, 1994; Edwards *et al.*, 2002) and as a means by which teachers can be 'kept in the dark' (Broadbent *et al.*, 1994, p. 76). Similar assertions are evident in Edwards, Ezzamel and Robson (1999) and Ezzamel, Robson and Stapleton (2012).

Many of AF's views on an inability to clarify intention were framed by the School's surplus budget balance. This surplus balance was broadly constant throughout the period of the study and had 'grown bit by bit over the past 15 years or so' [AF] to reach a peak of £364,000 as at 2016/17⁴². The 'carrying forward from one financial year to another of surpluses and deficits' (School Standards and Framework Act, 1998, s. 48 (2)) is a notable feature of the trend of increasing financial autonomy for schools. The bursar at School A felt that the size of the surplus at this field site was the 'source of some concern' [AF] and 'a bit of a controversy for [the LEA]', a view that is shared by Ezzamel, Robson and Stapleton (2012). The perceived inability to clarify intention was, in the main, attributed to this context:

The surplus is a bit of a 'sticking point' with [the LEA]. I get the feeling that a large part of that [an inability to clarify intention] is driven by [their] hope that one day they could reclaim those amounts [the surplus] [AF]

Edwards, Ezzamel and Robson (1999), Ezzamel *et al.* (2007) and Ezzamel, Robson and Stapleton (2012) note the impact of accounting disturbances on discourses of accountability in schools. Budgetary reform in schools has been used to 'define new responsibilities and identities in a field that may conflict with roles and identities defined by extant logic' (Ezzamel, Robson and Stapleton, 2012, p. 300). Such redefinition and conflict were not evident within School A, but were apparent in relationships between the School and its LEA. It should also be noted that Broadbent *et al.* (1994) consider that the use of budgets as part of a deliberate attempt to create an inability to clarify intention should be seen as an outlier: most headteachers do not use budgets and budgetary techniques in this way. This is the case at School A, where interviewee perception of the headteacher in this context was, on balance, positive:

⁴² The median average surplus (in each school with a surplus) of LEA funded schools in the schools' sector was £370,000 in 2017/18 (Department for Education, 2018c).

They [the headteacher and the bursar] know how to handle it [the budget and budgetary control]. We're a team, really, so the budget helps us to get together to understand how the School's doing [AT2]

[The headteacher] does a lot of work to protect us from some of the financial things that are out there [the School's business environment]. If I have any questions about budgets then [the headteacher] is always pretty open [AT1]

Evidence of an inability to clarify intention and of obscured and unclear meaning suggests, at least to some extent, the existence of anomie at School A. However, it should be noted that the organizational symptoms of this pathology are apparent due to the School's relationships with its LEA, rather than interactions between organizational participants within the School.

Disintegration

The Habermasian pathology of disintegration is characterized by the erosion of bonds between social actors and is reflected in the organizational symptoms of a lack of role clarity and by mystification. Habermas (1987, p. 143) argues that the 'psychopathology of disintegration ultimately results in a loss of motivation to participate in society'. Forester (1985) notes how the organizational symptoms of this pathology emerge in the context of planning practice and the interaction between professional planners and users of planning services. Intentional and unintentional acts of misinformation are identified in communication between these parties. Interactions that took place within the planning system are also observed to affect role clarity: non-professionals are not always clear as to their role in such interactions (Forester, 1985; Forester, 1993).

Unlike anomie, there was little evidence of the existence of these symptoms at this field site. The data do not indicate a lack of role clarity. For example, when asked if accounting disturbances had affected the clarity of roles at the School, one teacher replied:

No, they're pretty clear, I think. The boss has a job to do, we have a job to do, just like [AF] has a job to do. I get it and I think that they do, too. I don't really know where they [the LEA] come in, but that's not really what it's about [AT3]

Another teacher regarded accounting as having had little impact on the clarity of roles in the organization. Phrases such as 'it's a bigger part of [AF's] job' [AT3], 'it's what the boss does' [AT2] and 'I can put it over here with these duties' [AT2] indicate a clear understanding of respective responsibilities at the School. These perceptions were corroborated by those of the bursar: AF

describes a transparent delineation of responsibilities for dealing with accounting at School A. As with much of the evidence from this field site, an emphasis was placed on the processes and effects of budgets and budgetary control techniques, as illustrated by the following quotes from AF:

It's me, [the headteacher] and a couple of others. Most of it [budget setting and budgetary control] is done by us. Teaching staff know that and, yeah, they like it, I think. It allows them to get on with what they need to do [AF]

We try to 'soak up' a lot of the issues and 'head them off' before they become a problem, you know? Some of them [teachers] understand what goes on. Others don't... but that's okay, you know? We all know what we need to do and how to do it [AF]

Role clarity at the School appears to be based on professional identity. The maintenance of role clarity at this field site resonates with an assertion made by Forester (1993): the extent to which organizational processes result in the symptoms of Habermasian colonization can be mitigated by the careful design of processes and by mechanisms that counterbalance the organizational symptoms of this Habermasian pathology. The extent to which organizational participants can initiate and perpetuate discourse can be militated by disintegration: a lack of role clarity and mystification can prevent the openness and impartiality that is a feature of Kemp's (1985) approximation of Habermas's ideal speech situation. At School A, the professional identity of teachers appeared to offer this impartiality and the counterbalance noted by Forester (1985). Phrases such as 'we're still teachers, after all' [AT3] and 'they [AF and the headteacher] put a bit of a box around all that [the budget and budgetary control]' [AT3] typify responses from interviewees in this context. In the words of one teacher:

We're in safe hands. [AF] is a safe pair of hands. Together, they [AF and the headteacher] know how to handle it [the budget and budgetary control] [AT3]

Whilst there was some evidence of frustration *e.g.* 'it sometimes feels like we can't or maybe shouldn't ask' [AT3] and 'constantly going backwards and forwards' [AF], accounting disturbances did not appear to have affected role clarity at the School. As in Broadbent *et al.* (1993), Broadbent *et al.* (1994), Broadbent, Laughlin and Willig-Atherton (1994), Broadbent and Laughlin (1998), Broadbent, Jacobs and Laughlin (2001) and Broadbent and Laughlin (2013), respondents referred to the importance of an absorbing group at the School *e.g.* 'it's a bigger part of [AF's] job and what the boss does' [AT2], 'it's me, the head [the headteacher] and a couple of others' [AF] and 'they [AF and the headteacher] know how to handle it [the budget and budgetary control]' [AT3]. Some of the literature (*e.g.* Broadbent *et al.*, 1993; Broadbent *et al.*, 1994; Broadbent and

Laughlin, 1998) emphasizes the role of headteachers in these absorbing groups. As the 'initial butt of all environmental disturbances' (Broadbent and Laughlin, 1998, p. 417), headteachers are seen to be of particular importance. Multiple references (AT2, AT3 and AF) to the role of headteachers in the maintenance of role clarity at School A reflect this importance.

The potential manipulation of information and obfuscation of role clarity by professionals that was observed by Forester (1985) and Forester (1993) was not evident at School A. There was little evidence of the organizational symptoms of disintegration at this field site. Social bonds did not appear to have been affected by accounting disturbances. The shared understanding of responsibilities, the maintenance of professional identity *e.g.* 'we're still teachers, after all' [AT3] and the work of an absorbing group were important in the protection of role clarity and in the maintenance of social bonds between organizational participants.

Alienation

Habermas (1987, p. 143) classifies alienation as a 'psychopathology': it affects, at least initially, the individual. This Habermasian pathology occurs when social actors are no longer willing or able to engage in communicative action as experts come to dominate decision making. Expert cultures increase the likelihood of the reification of systems and steering processes. This pathology can be explained by an increase in feelings of helplessness and lack of belonging.

All of the respondents at this field site express some inability to check evidence, although it should be noted that this is mixed. Such inability to check evidence is an organizational symptom of alienation, with the other symptom being a differentiation of expert cultures. There is some evidence of an inability to check evidence at the School, but the other organizational symptom of alienation was not apparent.

Comments regarding an inability to check evidence were made alongside statements about an inability to clarify intention (which is an organizational symptom of anomie). One teacher stated that:

If I needed to, I'm not sure if I could get to the bottom of it [budgeted and actual expenditure against departmental budget]. I think that it's like that because it suits them for it to be that way [AT1]

A similar point was made by another teacher who spoke of:

It seems like it's sometimes a bit of a black box. The way I see it, the numbers don't always seem to 'marry-up' with what we've sent to the boss [the headteacher]. I can't see how one number [a budgeted amount] comes from another number. I don't think that we could find out by asking [AF] or the boss [the headteacher], really [AT2]

When asked about the basis for budgets and budgetary control at this field site, interviewees framed their comments in the context of the School's relationship with its LEA (the 'them' in the quotation from AT1 was found to be the LEA when clarification was requested) rather than in terms of relationships between organizational participants:

It's [dealing with the LEA] a tough one for [AF] and the boss [the headteacher]. If they could get at what's in the budget and try to get to the bottom of the numbers, then it [an ability to check evidence] might help. I get the feeling that it's [checking the evidence that has been used as a basis for the budget and the expenditure] difficult to do properly [AT2]

The boss and [AF] know how to use the information. I get the feeling that they've got their work cut out in trying to make sense of it... so they use it to their advantage when they can but have to put up with it when they can't. There's just no way around it, really, if they [the headteacher and AF] can't get to the source of the information [AT3]

This perceived inability to check evidence was not corroborated by the bursar. Phrases such as 'the [funding] formula makes sense' [AF], 'it's all pretty transparent' [AF], 'they're [the LEA] really open about it [budget setting and budgetary control techniques]' [AF] do not point to this organizational symptom. Exceptions to these positive comments were framed by School A's relationship with its LEA and particularly its budget surplus: as with the evidence of anomie at this field site, there is a contrast between the School's relationship with its LEA and interactions within the School. The former was marked by some evidence of an inability to check evidence:

They [the LEA] would like to get it [the surplus] back, I think. That's always sitting there in the background. It does have an effect on our relationship with them. They're not always as transparent as they could be about those things [budget setting and budgetary control] [AF]

The absorbing group and the headteacher play a key role in promoting feelings of empowerment and belonging at School A. Comments such as 'the boss [the headteacher] is always fairly open about what's in the budget' [AT3] and 'they [the headteacher and AF] at least try to show how the numbers are put together' [AT1] demonstrate their importance. Again, this is consistent with both the empirical literature on accounting colonization (*e.g.* Broadbent and Laughlin, 1998; Broadbent, Jacobs and Laughlin, 2001; Oakes and Berry, 2009; Oakes and Oakes, 2016) and the wider body of research on accounting disturbances in schools. None of the changed discourses of

accountability (Ezzamel *et al.*, 2007), the impact on pervading logics in schools (Ezzamel, Robson and Stapleton, 2012) or the 'unusual' arrangements for financial accountability noted by Agyemang (2009, p. 762) appear to have led to an inability to check evidence at this field site. Like the organizational symptoms of anomie, the inability to check evidence at School A arose primarily as a result of relationships between the organization and its LEA.

There was one caveat to the view that any inability to check evidence was a result of inter-organizational, rather than intra-organizational, relationships. AT3 expressed concerns about 'it sometimes feels like we can't or maybe shouldn't ask [about the budget] ... because the budget can't be questioned' [AT3]. When asked to comment further on these concerns, AT3 articulated views that reflected some features of the organizational symptom of an inability to check evidence:

We go through several layers before we can get to the bottom of what's in the budget [AT3 was referring to actual expenditure against budget, rather than the budgeted amounts]. In some ways, all these new finance systems have made things more difficult to find out what we need to know [AT3]

This perception that 'new finance systems' [AT3] contribute to an inability to check evidence resonates with findings reported by Dillard and Yuthas (2006). As discussed in chapter four, accounting disturbances that are based on what Habermas (1987) describes as constitutive steering mechanisms (translated to transactional design archetypes by Broadbent and Laughlin, 2013) have greater colonizing potential than those that are regulative (relational design archetypes for Broadbent and Laughlin, 2013). Constitutive steering mechanisms 'not only regulate the activities of the regulated, but they play a role in constituting the actor and the values and interests that govern the lifeworld' (Dillard and Yuthas, 2006, p. 214).

Evidence of the other organizational symptom of alienation (differentiation of expert cultures) is rare at School A, as illustrated by the following quotations:

The boss [the headteacher] has got a tough job in dealing with all of this [the budget and the use of budgetary control techniques]. 'Fair's fair' though, we still get a hearing [AT1]

When it matters we can put our heads together and try to make sense of it... we still get to have our say [AT2]

I try to open it up [the discussion of budgets and budgetary control] as much as I can. So does the boss [the headteacher]. It works better if we all try to get 'on the same page' ... I think that we are, most of the time [AF]

Despite the assertions regarding an inability to check evidence, AT3 did not suggest that a differentiation of expert cultures existed at the School. When asked if their perceived difficulty in 'get[ting] to the bottom of what's in the budget' [AT3] and reluctance to ask questions *e.g.* 'it sometimes feels like we can't or maybe shouldn't ask' [AT3] were due to a differentiation of expert cultures, AT3 responded:

No... it's not like that, really. We're a team. It's more about the 'bigger thing' of budgets and inspection. It closes things down rather than opens things up [AT3]

The contradictory responses by AT3 reflect an aspect of Oakes and Berry (2009): experiences of accounting disturbances can change rapidly. AT3 was asked to comment on the disparity between their statements that 'the budget can't be questioned' [AT3] and 'no... it's not like that' [AT3]. As in Oakes and Berry (2009), changes in levels of faith in accounting information were found to be due to differences of context. AT3 was highly sceptical of accounting information produced outside the organization; AT3 had greater faith in the way in which accounting information was used in the institution:

When it's from out there [the LEA] I just don't get it... but, you know, I totally get how we at least try to use it. There's a team here. It works pretty well [AT3]

Alienation did not appear at this field site. Unlike evidence from Forester (1985) and Kemp's (1985) analysis of the Windscale Inquiry, the continued ability to check evidence and the lack of indications of the other symptoms of this pathology suggest that there has not been an increase in feelings of helplessness and lack of belonging.

Demoralization

For Habermas, demoralization is an unwillingness to take responsibility for actions and social phenomena. The organizational symptoms of this pathology are unilateral decision making, a lack of democracy in decision making and passivity. As discussed in chapter four, Habermas (1987) illustrates this pathology using the perceived recurrent crises in welfare state mass democracies: social actors are seen to lose faith in the ability of inputs from the lifeworld to prevent or resolve these crises. An unwillingness to take responsibility for social actions and phenomena results.

The role of accounting in the formulation and implementation of policy in the schools' sector was discussed in chapter two. The themes of increasing financial autonomy for schools and the use of formulae to allocate funding emerge, most notably, as part of the LMS and the academies system.

The development of a market orientation and the delegation of financial control create the conditions in which unilateral decision making might arise. Changes to arrangements for ownership, governance and management in the schools' sector mean that the shared responsibility created as part of the Butler Act has been eroded. Whilst the origin of these themes can be found in earlier legislation, the Education Reform Act 1988 marks a critical point in reform. As with the pathologies of anomie and alienation, the existence of the organizational symptoms of demoralization at School A depended on whether interactions between organizational participants were inter or intra-organizational:

Sometimes I think that, you know, it's all a bit of a game. When it comes down to it, they [the LEA] just do what they want anyway. Sure, they can pretend that it's all about partnership and all that but, really, it's not, is it? [AT1]

It's not what I expected [from teacher training]! We didn't go into it that much, but I had expected more of a joint approach with them [the LEA]. The boss and [AF] have more to do with them, though. It's not really something that has a direct effect on the job [of teaching] [AT3]

However, these comments are not consistent with views expressed by the bursar: AF's statements contain little evidence of unilateral decision making in either inter-organizational or intra-organizational interactions. Phrases such as 'it's more of a team approach' [AF] and 'we're partners [with the LEA]' [AF] contradicted the views expressed by AT1 and AT3. It may be that the extent of the concern expressed by AT1 and AT3 was overstated; there is also scope for the bursar's familiarity with accounting to have affected their ability to understand the effects of their intentional or unintentional actions (Forester, 1985; Kemp, 1985).

Agyemang (2009) examines accounting's role in the control processes between LEAs and community schools such as School A. As discussed in chapter two, LEAs retain overall responsibility for the financial performance of community schools. However, they cannot exercise direct financial control over these institutions, so 'steering' becomes important (Agyemang, 2009, p. 763). Accounting is subsequently deployed to offer a subtle and nuanced approach to control. Whilst unilateral decision making does not manifest in either the control processes at this field site or the wider context of inter-organizational control processes exercised by the LEA, some evidence of steering did emerge:

They [the LEA] don't control what we do... but I'm not naïve enough to think that they're always on our side. They use this stuff [accounting information received from the LEA] to try to get what they want... that's not always the same thing as what we want [AF]

It's still a partnership, you know? Don't get me wrong, it's not confrontational... but I sometimes think that it's [the budgetary control information] used to send the message that they want us to hear, rather than what the truth might actually be [AF]

When asked to comment on the extent to which these interactions had led to an unwillingness to take responsibility for actions at School A, AF was unequivocal: 'No. It's not like that. We have our differences, but it's still a partnership. We know what we need to do and we get on with it' [AF]. The indications of steering are more suggestive of an inability to clarify intention (an organizational symptom of anomie) rather than unilateral decision making or a lack of democracy in decision making (being organizational symptoms of demoralization). These indications are also consistent with evidence from the empirical literature on the study of accounting colonization (*e.g.* Broadbent *et al.*, 1994; Broadbent and Laughlin, 1998; Masquefa, Gallhofer and Haslam, 2017).

In terms of intra-organizational interactions, multiple references were made to a consultative, rather than a unilateral, approach to decision making at the School *e.g.* 'there's a team here' [AT3], 'we can put our heads together' [AT2] and 'it's [decision making] usually more than just [the headteacher] saying that it has to be this way or that way' [AT2]. These comments suggest a degree of consensus building and openness. Interviewees expressed little to suggest that unilateral decision making existed at this field site. Inter-organizational relationships between the School and its LEA, rather than interactions within the organization, were the source of any perception of unilateral decision making.

The evidence of a consultative approach to decision making was matched by that regarding a lack of democracy in decision making: there was little to suggest that this organizational symptom was apparent. Statements such as 'the boss [the headteacher] is always fairly open about what's in the budget' [AT3], 'we still get a hearing' [AT1] and 'I try to open it up [the discussion of budgets and budgetary control] as much as I can. So does the boss [the headteacher]' [AF] all suggest that a lack of democracy in decision making did not exist at School A. As with its importance in the protection of role clarity, the absorbing group at the School played a key role in the maintenance of a consultative and democratic approach to decision making in the organization. One teacher stated that:

It's not just that they [AF and the headteacher] know how to handle it [the budget and budgetary control]. It's that they involve us [teachers] when they need to. Sometimes I think that they get us together to help us all to come together a bit, you know? [AT2]

Similar views can be found in the comments of another teacher who reported: '[AF] is a safe pair of hands. We can get involved [in budgets and budgetary control]...that's good, you know?' [AT3]. Importantly, there was also evidence of continued willingness to take both individual and collective responsibility for actions at the School. This commitment is similar to AF's views regarding the organization's relationship with its LEA. These statements also indicate that passivity is not evident at this field site:

The way that they [AF and the headteacher] do it [budgets and budgetary control] means that there's a good, kind of, 'buy-in' to the whole thing. We get enough of a picture of what's going on, and what's going to go on, and this helps a lot, I think [AT1]

They [AF and the headteacher] have got the balance right. We're able to have our say when we need to. I can see how they protect us a bit, too. All that stuff with them [the LEA] is best left to [AF and the headteacher]. They know how to handle it! [AT2]

Any evidence of the organizational symptoms of demoralization at this field site arose due to interactions between social actors in the organization and those at the LEA, rather than within the School. Even when unilateral decision making or a lack of democracy in decision making were apparent in inter-organizational relationships, they are limited to what Agyemang (2009, p. 763) describes as 'steering'. The organizational symptom of passivity was not apparent. Overall, there was little evidence of any unwillingness to take responsibility for actions and social phenomena.

Instability

Habermas (1987, p. 354) describes the rupturing of tradition that is a feature of this pathology as a 'fragmentation of everyday understanding'. Social actors experience a reduced willingness to interact with each other and to participate in society. Instability is characterized by destabilization and breakdown in social order. Like disintegration and alienation, instability did not exist at this field site.

Reification of process and rupturing of tradition are organizational symptoms of this pathology (Forester, 1985; Forester, 1993; Kemp, 1985; Oakes and Berry, 2009). A similar pattern of evidence of these symptoms exists to those of anomie and demoralization, respectively. All interviewees expressed views that reflect some reification of process, but a distinction can be drawn between contexts. Evidence of this organizational symptom was prevalent in interactions between organizational participants at the School and those at the LEA, but there was little evidence of instability in intra-organizational relationships. Rupturing of tradition, as the other organizational symptom of instability, was not apparent. AF stated that:

Sometimes it seems like they [the LEA] are more interested in being seen to do the right thing with it [the budget and budgetary control] even if that's not the best thing for [School A] and other schools in [the LEA area] [AF]

AF was asked to comment further on the nature of 'being seen to do the right thing' [AF].

Responses were characterized by phrases such as 'work for work's sake' [AF] and 'doing extra tasks that just seem to be about 'box ticking'' [AF]. Much of this perceived additional work was related to the School's budget surplus. As in the organizational pathologies of anomie and demoralization, AF's comments were framed by reference to the surplus and its impact on the School's relationship with its LEA:

We've had to work hard to get it [the surplus] and we need to work hard to keep it! They [the LEA] make us jump through quite a few hoops when it comes to the surplus. I can see why... the amount of the surpluses here and elsewhere must be pretty attractive to them [the LEA] [AF]

There's little chance that we'd ever have to give it back, but it does still affect how things work with them [the LEA]. Day-to-day, it's fine. But further up [the hierarchy of the LEA] I think that it's more of an issue. We see the effects on some of the work that we need to do to almost 'justify' it [AF]

The work of the absorbing group at this field site appears to be a factor in the lack of evidence of a reification of process and the other organizational symptoms of demoralization:

It's [budgeting and budgetary control] part of the rhythm of the place, you know? It kind of helps to bring things together. But it doesn't take over. [AF and the headteacher] look after most of it and that kind of shields us [teachers] from what could be problems [AT2]

We work as a team... it's [budgeting and budgetary control] always been like that here, really. Things change, you know? But we don't have a problem with that [reification of process]. [AF and the headteacher] seem to soak most of it up [AT1]

These quotations do not suggest that accounting disturbances led to a reification of process. The comments from AT1 were also reflective of an attempt to maintain consistency or 'tradition' in the face of change. When asked to elaborate on this point, respondents again emphasized that the importance of the headteacher and the absorbing group at the School. As with the Habermasian pathologies of disintegration, alienation and demoralization, the headteacher is seen to play a key role in mitigating the effects of accounting disturbances. Multiple references (AT1, AT2 and AF) to the role of the headteacher in guarding against a reification of process, as in other pathologies, reflect this importance. Similar findings can be found in, for example, Broadbent *et al.* (1993), Broadbent *et al.* (1994) and Broadbent and Laughlin (1998).

Evidence of a consultative approach to decision making within School A has been considered as part of the analysis of the pathology of demoralization. This is also apparent in the discussion of alienation at this institution: 'the boss [the headteacher] is always fairly open' [AT3] and 'they [the headteacher and AF] at least try to show how the numbers are put together' [AT1]. Further exploration of the work of the headteacher in this context reveals that it is, at least in part, attributed to an attempt to maintain a 'consistency of approach [to budget setting and budgetary control] in the School' [AF]. Interviewees were asked to comment on the extent to which a consistent or 'traditional' approach to budgeting had been maintained. Again, responses were marked by references to the importance of the headteacher and the absorbing group:

It's not his [the headteacher's] fault. [The headteacher and AF] try to keep things steady, you know? The way it's [budgeting and budgetary control] done is pretty much the same as when I started. The main differences are [sic] the speed [AT1]

We need them [the headteacher and AF] more than ever. I know that elsewhere we'd have a much more difficult time of it. [The headteacher] protects the important things, you know? It's a bit like a shield that's thrown up to screen out the bad stuff [AT2]

There is little evidence that accounting disturbances had led to a rupturing of tradition. Moreover, there were indications that a commitment to democracy in decision making (a lack of which is an organizational symptom of demoralization) and to a continuity of approach in the face of accounting disturbances each led to a reinforcement, rather than a diminution, of 'traditional' approaches. In the words of one teacher:

The budget is a bit like a glue that binds the whole thing together. It's not the budget itself, it's the way that {the headteacher and AF} go about it [budgeting and budgetary control]. They've always been good at that. They fight back when they need to [AT2]

AT3 expressed a similar view. The role of the headteacher and the absorbing group is notable:

I get that there could be more of a problem with them [accounting disturbances]. I talk with the others [peers from other schools] and I think that we're pretty lucky here [at School A]. [The headteacher and AF] have managed to keep things simple. I like the stability and the protection. It's good, you know? [AT3]

Some reification of process emerged at this field site, but is restricted to inter-organizational relationships: interactions between the School and its LEA reflected some emphasis on 'being seen to do the right thing' [AF]. As in other pathologies, an absorbing group and, in particular, the headteacher, were considered to be important in guarding against instability.

School B: Sponsored academy

Introduction

School B was created as a sponsored academy in 2011. Like many sponsored academies, poor academic and financial performance led to an intervention by central government: ownership of assets was transferred from the LEA to the school's newly created governing body on formation. The statutory basis for this school is provided by the Education Act 2002. School B is a charitable company and has charitable status under section 12 of the Academies Act 2010; its sponsor is a local provider of education and training.

The poor performance that precipitated formation as a sponsored academy has persisted since the School was established. The financial aspects of this poor performance were reflected in a deficit of £178,000 on this school's revenue reserve as at 31 March 2018. Attempts to reduce this deficit are reflected in an in-year surplus during 2017/18 of £137,000. Poor academic performance was reflected in an Ofsted rating of '4', 'Inadequate' that was issued to this school in 2017; an Ofsted rating of '3' 'Requires Improvement' was issued in each of 2013 and 2015, respectively. Its predecessor school was rated as '4' 'Inadequate' in 2011.

With 1,233 pupils as at 1 April 2017 and a school workforce of 108.9 FTEs (of whom 70.2 FTEs were teachers), this school was the largest of the three field sites. Total income of £7.1m also reflects the relative size of this organization. School B's expenditure on teaching staff was the lowest of the three field sites at 68.1 percent of total staff expenditure, compared to 71.9 percent at School A and 77.9 percent at School C. The area in which School B was located was ranked 9,479 out of 32,844 on the IMD.

School B has had six different headteachers (including temporary appointments) since it was created; the current headteacher was appointed in 2014. This level of change was also reflected in the turnover of other staff at this school: just under half of the employees at the School in 2017 were not employed by the predecessor school. The bursar at this field site joined the School in 2015 and had worked in the schools' sector since 1998. Similarly to other academy schools in the sector (Department for Education, 2017), School B spent 54.3 percent of its revenue expenditure budget on permanent and supply teaching staff⁴³. Further similarity between School B and other academies can be found in the proportion of this budget that School B spent on support services:

⁴³ Expenditure on permanent and supply teaching staff by all academy schools in 2016/17 was 50 percent of total expenditure (Department for Education, 2017).

this was approximately 13 percent, compared to an average of 12 percent for all academies, and reflects a broader trend of increasing expenditure on such services across all academy schools (Department for Education, 2017).

The accounting disturbances at this organization were different from those at School A. These disturbances were greater in both number and severity than those at School A. A new approach to budgeting and budgetary control, like School A, was introduced at this field site. However, other accounting disturbances included the receipt of a financial notice to improve by the Education and Skills Funding Agency (ESFA). This requires the preparation and submission of a financial recovery plan and the achievement of a balanced operating budget by 2019/20. As an academy school, the organization must also prepare and publish financial statements. On the basis of the relative severity of the accounting disturbances at this field site, an increase in the prevalence of the organizational symptoms of accounting colonization at School B would appear to be axiomatic⁴⁴.

Table 12 provides a summary of the findings from this and the other field sites:

⁴⁴ See testable proposition two.

Table 12 (repeated): Habermasian pathologies and organizational symptoms of accounting colonization at each field site

Habermasian pathology	Organizational symptom	School		
		A	B	C
Anomie	Inability to clarify intention	Partial: LEA	Yes	Partial: trust
	Obscured and unclear meaning	Partial: LEA	Yes	Partial: trust
Disintegration	Lack of role clarity	No	Partial	No
	Mystification	No	No	No
Alienation	Inability to check evidence	No	Yes	Partial: funding body
	Differentiation of expert cultures	No	Yes	Partial: funding body
Demoralization	Unilateral decision making	No	Yes	Partial: funding body, inspection
	Lack of democracy in decision making	No	Yes	No
	Passivity	Partial: LEA	No	No
Instability	Reification of process	Partial: LEA	Yes	Partial: inspection, trust
	Rupturing of tradition	No	Yes	No

Source: Author

Anomie

As in School A, evidence of this Habermasian pathology can be found in responses by all three teachers at this field site. The organizational symptoms of an inability to clarify intention and obscured and unclear meaning were both apparent in many of the comments made by interviewees. As discussed in the literature review and the theoretical perspective chapters, anomie is characterized by social interactions that are marked by a ‘stripping away of all concrete communication’ (Edgar, 2006, p. 175). The evidence of the organizational symptoms of this pathology at this field site point to the existence of anomie at the School. Further similarities to School A were reflected in the emphasis that respondents placed on budgets and budgetary control.

An important caveat at School B was the focus that interviewees also placed on the role of the headteacher: this role emerged as an important factor in the prevalence of the organizational symptoms of anomie and of other Habermasian pathologies at this field site. This role was, however, very different from that fulfilled by the headteacher at School A: some of the results of the accounting disturbances at School B appeared to be amplified, rather than absorbed by the headteacher.

The organizational symptoms of anomie can be found in comments by all three teachers at this field site. The focus that these interviewees placed on the role of the headteacher in this context is also evident:

[The headteacher] is the one who's really in control of this [the budget]. The whole thing [the budget and the use of budgetary control techniques] is set up to get us out of deficit and to keep things covered up. [The headteacher] keeps [their] cards very close to [their] chest. We don't really know what's going on any more [BT2]

I didn't really 'get it' [budget setting] then [when School B was part of the LEA]. We've got a deficit... but I don't get how we use this [budgeting and budgetary control] and I definitely don't get it now! They [the headteacher and the bursar] use all this jargon to cover things up [BT1]

Since [the headteacher] came in it's got even more, you know, like a business. It seems like there's a camouflage that's put up... it's a tactic, you know? To try to scramble things... to try to make people uncomfortable. It's all about controlling what we spend [BT3]

The same 'smoke and mirrors' metaphor as that used at School A was deployed by teachers at School B. In the words of one teacher:

The whole 'smoke and mirrors' thing is used to mask the truth. Money is tight... but it seems to be found when it's needed for certain things. It [the use of financial resources] seems to be covered up over here and then revealed somewhere else [BT2]

Another teacher referred to the use of budgets and budgetary control techniques as 'not the whole story' [BT1] and 'we can't question it [the budget]' [BT1]. In contrast to School A, the bursar at School B did not corroborate the views expressed by teachers. Comments such as 'it now works in the way that we [the headteacher and the bursar] want it to' [BF] and 'if it's [budgeting and budgetary control] understandable to [the headteacher] then that's the key' contrasted with opinions expressed by teachers. Unlike the bursar at School A (*e.g.* 'trying to get to the bottom of the numbers' [AF] and 'working in the dark' [AF]), BF did not see the budgetary control information used at School B as problematic. The decision-making needs of the headteacher were considered to be paramount:

The changes that we've made [to the approach to budget setting and budgetary control techniques] were needed. [The headteacher] needed to make some tough decisions to get the School out of deficit. It [budget setting and budgetary control techniques] needed to change [BF]

It should be noted that the budgetary control information that was used in School A was produced by its LEA, whereas the information used in School B was produced internally by BF. Since appointment in 2015, the bursar had made many changes to the format and content of this budgetary control information. The bursar at School A did not share an ability to make such direct changes: the content, form and presentation of the information used at that institution was largely influenced by its LEA.

Headteachers often play an important role in absorbing groups (Broadbent *et al.*, 1993; Broadbent *et al.*, 1994; Broadbent and Laughlin, 1998). Unlike at School A, some of the accounting disturbances at School B appeared to be driven by, rather than absorbed by, the headteacher. Developments such as the change to arrangements for funding and the publication of financial statements were associated with the school's status as an academy. Others, such as the method of budget setting and the use of budgetary control techniques were seen as a direct consequence of the headteacher's approach and the need to comply with the ESFA financial notice to improve. Phrases such as 'since [the headteacher] came in it's got more, you know, like a business' [BT3] and '[the headteacher] uses it [budget setting and budgetary control] like a weapon. It's never been like that before' [BT2] illustrate the headteacher's impact in this context.

Broadbent *et al.*'s (1994) typology of different headteacher types includes three broad categories: absorber, managerial and informer-involver, with each of these categories being sub-divided into further types. The headteacher at School B reflected many of the descriptors of both the 'absorber-wheeler dealer' and 'managerial entrepreneur' approaches in this typology. Broadbent *et al.* (1994, p. 74) contend that the task orientation and emphasis on financial matters that are characteristic of these headteacher types are 'potentially disturbing for teaching staff': the data indicate that this was the case at School B. The likelihood of coercive colonization is also greater under these headteacher types (Broadbent *et al.*, 1994; Broadbent and Laughlin, 2013).

The role and identify conflict that has followed budgetary reform in some schools (Ezzamel, Robson and Stapleton, 2012) was apparent at this field site. The logic of 'business methods and rationales' (Ezzamel, Robson and Stapleton, 2012, p. 296) has exposed tensions between the approach and the professional logic of teachers at School B. The norms, expertise and practices of teachers have been affected by accounting disturbances. The impact of these disturbances

reflected those reported by Ezzamel *et al.* (2007) and Ezzamel, Robson and Stapleton (2012). Comments such as 'it's all about controlling what we spend' [BT3] and '[the budget and the use of budgetary control techniques] is set up to get us out of deficit' [BT2] provide evidence of how forms of accountability at the School were dominated by the need to control the use of financial resources.

Anomie is also apparent at School A in the context of that institution's relationship with its LEA. However, the organizational symptoms of an inability to clarify intention and of obscured and unclear meaning emerge for different reasons at each of School A and School B. School A's relationship with and relative reliance on its LEA appear to be at the heart of much of the anomie at that organization. In contrast, School B has been the subject of accounting disturbances associated with the need to address poor financial performance, academy status and the appointment of the headteacher. The prevalence of the organizational symptoms of anomie at School B can be attributed to the nature and relative severity of these accounting disturbances and, in particular, the managerial approach of the headteacher.

Disintegration

The Habermasian pathology of disintegration is characterized by an erosion of social bonds and a loss of motivation to participate in society (Habermas, 1984). The symptoms of this pathology are a lack of role clarity and mystification. Unlike at School A, at which there was little evidence of either of these organizational symptoms, a lack of role clarity was apparent at School B. The organizational symptom of mystification was not evident. When asked if role clarity had been affected by accounting, one teacher replied:

It's definitely changed things. [The headteacher] came in and things got thrown up into the air again. Things needed to change but, you know, it's confusing [BT3]

When invited to amplify how 'things' had changed and the extent to which these developments had affected role clarity, BT3 commented that 'how we're judged' [BT3] had changed and that 'it's more difficult to understand who is responsible for what' [BT3]. Similar evidence of a lack of role clarity can be found in comments by another teacher, who stated:

I think there's more confusion about quite who fits where now. It seems like they [the headteacher and the bursar] get involved in things now that used to be led by us [teachers] [BT1]

Unlike at School A, an agreement emerged amongst all three teachers that accounting has affected role clarity in the organization. Stark contrasts with comments by teachers at School A such as 'it's a bigger part of [AF's] job' and 'I can put it over here with these duties' [AT2] can be found in phrases such as '[BF] uses that [the system of budgeting and budgetary control] to try to control how we [teachers] work' [BT2] and '[BF's] job has extended into my job. It's like I'm doing all of this [budgets and budgetary control] for reasons other than they [BF and the headteacher] need it to be done' [BT3]. These opinions were not shared by the bursar, who considered that roles and responsibilities at the School were clear. BF added that role clarity has been improved by the changes to budget setting and budgetary control techniques. The bursar at School B introduced many of these changes following appointment in 2015.

Like just under half of single academies in the schools' sector (Department for Education, 2017), School B had a deficit on its revenue budget in 2016/17. Deficits had also been incurred in each financial year since the School was established in 2011. Poor financial performance led to greater emphasis on budgetary control than at School A (and culminated in the receipt of an ESFA financial notice to improve). As with BF's comments on the primacy of the decision-making needs of the headteacher, changes to budget setting and budgetary control techniques were justified by poor financial performance:

They [changes to budget setting and budgetary control techniques] needed to happen. We're in deficit... maybe people weren't clear about who should be doing what. I think that they're pretty clear now [BF]

Unlike at School A, where there was reference to the work of an absorbing group in responding to accounting disturbances *e.g.* '[the headteacher and the bursar] are a safe pair of hands' [AT3], there was little evidence of trust in an absorbing group at School B. The use of phrases such as 'wheeler dealers' [BT1] and 'Arthur Daley type characters'⁴⁵ [BT3] reflect the 'absorber-wheeler-dealer' and 'managerial entrepreneur' headteacher types noted by Broadbent *et al* (1994). As highlighted in the discussion of anomie at School B, the absorber-wheeler-dealer and managerial entrepreneur headteacher types (Broadbent *et al.*, 1994) can be disturbing for teaching staff. This appears to be the case at this field site and is reflected in comments such as 'they [the headteacher and the bursar] get involved in things that, really, shouldn't be anything to do with it

⁴⁵ A character in the British comedy drama *Minder*. Played by the actor George Cole, Arthur is a criminal and a con-man whose thinks of himself as an entrepreneur. The character name has become synonymous with dishonest activity and low-level criminality.

[budgeting and budgetary control]' [BT2] and 'I don't really know where the boundaries are any more' [BT1] illustrate the lack of role clarity that is symptomatic of disintegration.

The organizational symptom of mystification can be linked to a lack of role clarity, since the former can arise because of the latter. Comments such as 'I think there's more confusion about quite who fits where now' [BT1] and 'it's [roles, duties and responsibilities] all mixed up together now' [BT3] demonstrate this potential. When asked to expand on their comments, neither BT1 nor BT3 believed that the lack of role clarity was independent of the mystification that also existed at School B and was seen to inform the other. Both respondents saw each of these organizational symptoms as a result of the actions of the bursar and the headteacher. This is best exemplified by a quote from BT3:

No, it's not like that really. I get 'it' [accounting information]. The key is to understand that they [BF and the headteacher] use it in the way they do, you know? They're not fooling anyone with this. But I get it... [BT3]

There was some evidence of disintegration at School B. The extent to which a lack of role clarity existed at this field site should not be conflated with mystification: teachers had some understanding of the role of the bursar and the approach adopted by the headteacher. Still, teachers at this organization did exhibit some confusion about the limits of BF's role. Unlike at School A, there was little evidence of a shared understanding of responsibilities amongst individuals in the organization. Confusion was also evident regarding how their own work had been affected by accounting disturbances.

Alienation

An explanation of this and the other Habermasian pathologies of colonization was developed in chapter four. Alienation is typified by an increase in feelings of helplessness and lack of belonging. Like anomie and disintegration, alienation was apparent at School B: all the teachers at this field site expressed some increase in feelings of helplessness and lack of belonging. These characteristics are reflected in the organizational symptoms of an inability to check evidence and a differentiation of expert cultures (Forester, 1985; Forester, 1993; Kemp, 1985; Oakes and Berry, 2009). In contrast to School A, both of these organizational symptoms were apparent at School B.

An inability to check evidence is reflected in comments such as 'we just can't check it, even if we needed to' [BT2] and 'it feels like it's getting more and more out of control' [BT1]. These comments were made with reference to budgeting and budgetary control and the extent to which

the School was likely to comply with the requirements of its financial notice to improve. When asked to clarify the nature of this inability to check evidence, BT2's comment can be viewed in the context of Broadbent *et al's* (1994) findings on absorbing groups and the role of headteachers therein:

[The headteacher] has it all sewn up. I get the feeling that there's way too much 'wheeling and dealing'... it's all done to stop anyone else from getting access to what's behind the information... it's, you know, more 'smoke and mirrors' [BT2]

Other respondents also referred to the role of the headteacher in the organization. BT1 made similar comments to BT2 in the context of the organizational symptoms of this pathology: an inability to check evidence and a differentiation of expert cultures were attributed to the headteacher's adoption of a management approach similar to that of the absorber-wheeler-dealer and managerial entrepreneur headteacher types noted by Broadbent *et al* (1994). Both BT1 and BT2 recognized that accounting disturbances might have been designed and used deliberately as part of a wider strategy to deliver organizational change:

It's all about control, isn't it? Whether or not I can check it [the accounting information] is by-the-by really, because it's mostly jargon anyway. It's not what it's about. It's about control. It's about using the deficit as an excuse for more business-like control [BT1]

I doubt if it's [budgetary control information] all there really anyway, you know? It's more about getting us to do this and to do that. We [teachers] can see that. So I suppose that part of it [a perceived deliberate attempt to create an inability to check evidence] hasn't really worked for them [BF and the headteacher] [BT3]

Views expressed by the bursar contradict these opinions. BF used phrases such as 'all of the data is [*sic*] there for anyone to see' [BF] and 'it's [budgeting and budgetary control] clear for anyone who understands budgets' [BF]. As detailed in the discussion of anomie at this field site, poor financial performance was used as justification for this change. The School's deficit on its revenue budget in 2016/17 and its history of poor financial performance framed many of the bursar's comments in this context. Reference to 'tough decisions' [BF] and 'it [the previous approach to budget setting and budgetary control] was a mess' [BF] are illustrative of such justification. Deficits are not uncommon in the academies system: just under half of the single academies in the schools' sector reported overspending in 2016/17 (Department for Education, 2017). The bursar was asked to explain which, if any, of these changes were due to factors other than an attempt to address the School's poor financial circumstances. BF's response was unequivocal:

No. It's about getting the School out of deficit. That's it [BF]

Notwithstanding BF's assertions, Broadbent *et al.* (1994) suggest that the use of budgets and budgetary control as part of deliberate attempts to colonize is an outlier: typically, such accounting techniques are not used in this way. Evidence from School B confirmed that, to some extent, it could be categorized as just such an outlier. In this case, an accounting disturbance was implicated in what some interviewees saw as a purposeful effort to create an inability to check evidence. However, teachers at this field site considered headteacher type to have had a greater impact than the accounting disturbance itself:

It's more about the style that's used. Even without the numbers there's an attitude and a position that comes along with that [budgetary control information] [BT1]

Some indicators of the other organizational symptom of alienation (a differentiation of expert cultures) were less pronounced than that of an inability to check evidence. Respondents tended to frame their comments in terms of the role of the headteacher and the bursar:

It's about the attempt by them [the headteacher and BF] to keep things covered up. They keep all of it [budgeting and budgetary control] close. There's a definite split between the business side of the school and the classroom. It didn't use to be like that [BT2]

The jargon is the key, isn't it? It allows them [the headteacher and BF] to promote the 'business' way of doing things. When you use that type of language it's almost as if it provides them with a legitimate reason to go on using it [BT1]

Yes, like I said, it's a form of camouflage. If things are scrambled up using 'business-speak' then it makes it harder for anyone else to question them [the headteacher and BF]. It's the whole wheeling and dealing thing that's different. The accounting is just part of that, you know? [BT3]

When asked to clarify if these were perceived to be attempts to use accounting disturbances to create differentiated expert cultures, interviewees expressed doubts:

No. They've tried it [to differentiate expert cultures] but it's more like we [teachers] just don't buy-in to the whole business thing. [The headteacher] can get on with the whole 'wheeler-dealer' thing [BT3]

Comments like 'there might be a split, but we're [teachers] not dominated by it [an expert culture that is grounded in accounting]' [BT2] and 'it hasn't worked' (BT1) indicate that any attempt at differentiation at School B was not successful. Again, the deliberate or otherwise nature of such attempts is open to question. What can be determined from the data is that: firstly, there was

some (albeit limited) evidence of this organizational symptom of alienation, and; secondly, as with the inability to check evidence, the role of the headteacher appears to be of greater importance than the accounting disturbance itself. Respondent's views reflect the notion of budgets and budgetary control as an adjunct to rather than a driver of the headteacher's approach to the management of the organization. The headteacher's attempts to introduce a 'business' culture were referred to most frequently by interviewees.

Overall, the organizational symptoms of an inability to check evidence and differentiation of expert cultures are apparent at this field site. There is evidence of an increase in feelings of helplessness and lack of belonging and, as such, alienation is evident at the School. The role of the headteacher appears to be key to the emergence of these symptoms. However, accounting disturbances such as developments in budget setting and budgetary control are a corollary to, rather than a driver of, the headteacher's efforts to change the organization. Teachers at School B saw aspects of accounting disturbances as deliberate attempts to support these efforts.

Demoralization

Demoralization is characterized by an unwillingness to take responsibility for actions and social phenomena (Habermas, 1987). Unilateral decision making, a lack of democracy in decision making and passivity are symptomatic of this pathology. There is some evidence of these organizational symptoms at School B, with unilateral decision-making being particularly prevalent. Unlike at School A, interviewees considered that such an approach to decision making manifested in interactions between organizational participants at the School (at School A, evidence of unilateral decision making was limited to interactions between organizations). One teacher at School B expressed the view that:

They're [the headteacher] a manager, not a teacher. [The headteacher] sees it as [their] job to make difficult decisions and to, you know, be seen to make difficult decisions. It's all a bit of a power trip at times! [BT1]

Other respondents use the term 'power trip' [BT2, BT3] and the 'smoke and mirrors' [BT2] metaphors in this context: budgeting and budgetary control were considered to be methods by which the headteacher at this field site could implement their chosen approach to management:

The whole 'wheeling and dealing' thing is at the heart of why it's [the use of unilateral decision making] done like that. The deficit and the threat of redundancies come up time and time again. One [a unilateral decision] almost always follows the other [a reference to the deficit and/or a reference to redundancies]... I hate it...[BT2]

A further contrast with School A was found in the respective perception of accounting by the bursars at each of these organizations. AF recognized that accounting can be used as part of a 'team approach' [AF] to decision making and (as argued by Agyemang, 2009) as a basis for subtle and nuanced control. BF expressed rather different views:

It's all about the deficit. The changes [to budget setting and budgetary control] are about that. We didn't really have time to do it any other way. We had to deal with it our way [BF]

BF expressed little reservation about the use of unilateral decision making, with poor financial performance at the School being used as justification for this approach. Phrases such as 'holding back the tide' [BF] and 'we had to fight back to surplus' [BF] illustrate BF's opinion. These comments also offer some corroboration of the views expressed by teachers, although it should be recognized that teachers were referring to the actions of the headteacher at School B, rather than those of the bursar. It should also be noted that BF referred to the use of budgets and budgetary control within the organization, whereas AF's comments were in the context of inter-organizational relationships. Nevertheless, views expressed by teachers and the statements by BF provided clear evidence of unilateral decision making at School B.

Given the way in which unilateral decision-making manifests at School B, it is perhaps not surprising that there are also indications of a lack of democracy in decision making at this field site. The strength of feeling amongst teachers regarding unilateral decision making and the recognition and justification of this approach by the bursar are reflected in statements by all interviewees at the School. As with the other organizational pathologies of Habermasian colonization, the headteacher's role, supported by the bursar, is seen to be critical. In the words of one teacher:

The system [of budgeting and budgetary control] is set up for one reason and one reason only: to allow them [the headteacher and BF] to demonstrate that they've moved the School out of deficit. They don't involve us... they just tell us, you know? [BT3]

Like BT2's statement on the framing of decision making in the context of poor financial performance, discussion of the lack of democracy in decision making at this field site is marked by repeated references to budget deficits and to redundancies. BT1 commented that: '[the headteacher and BF] can almost get away with it [a lack of democracy in decision making] by

pointing to the deficit' [BT1]; BT3 stated: '[the headteacher] just throws the 'r' word [redundancy] about a bit and then tells us how we should proceed. It's a bit of a sham, really.' [BT3].

A lack of democracy in decision making was also acknowledged by the bursar: 'It's not a group decision. We have to keep right on top of it [the School's financial performance]' [BF]. BF was also open about the use of the School's poor financial performance and of the potential for job losses as justification for a lack of democracy in decision making:

Well it's not as if we can save jobs by being all 'touchy-feely' about the budget, is it? [The headteacher] is not about to waste time asking someone what they think about the budget for consumables when [the headteacher] could be saving them from redundancy [BF]

In contrast to the other organizational symptoms of demoralization, there is little evidence of passivity at School B. Relationships are marked by an active engagement with accounting. It should be noted that the reforms to budget setting and budgetary control at the School had been introduced relatively recently: the headteacher and the bursar were appointed in 2014 and 2015, respectively. Whether the longer-term impact of accounting disturbances at this field site might lead to a different pattern of organizational symptoms is debateable; further discussion of this and related points is developed in subsequent chapters.

The evidence of two of the three organizational symptoms of demoralization suggests that this pathology exists at School B. Both unilateral decision-making and a lack of democracy in decision making are apparent. There was a belief amongst teachers that the School's poor financial performance had been used to justify the use of a particular approach to management at this organization. The bursar rationalized unilateral decision making and a lack of democracy therein as part of an attempt to address poor financial performance.

Instability

The destabilization and breakdown in social order that characterize this organizational pathology (Habermas, 1987) are apparent at School B. Unlike at School A, where evidence of instability can be delineated between inter and intra-organizational interaction, the organizational symptoms of this pathology are apparent in both contexts. All three teachers at School B referred to the reification of process and the rupturing of tradition that are symptomatic of instability:

It [budget setting and budgetary control] has taken on a life of itself. They [the headteacher and BF] use it to get their agenda through. It's more difficult to question that agenda when it's presented in this way, you know? [BT3]

All this 'smoke and mirrors' stuff doesn't fool me. They [the headteacher and BF] use all the numbers and the jargon to cover things the way that they want them to be covered. Doing it [budget setting and budgetary control] like that means that it becomes more of a ritual. Do this, do that, you know? Because the budget says so, you have to do this or do that [BT1]

We don't get to see what's going on any more. When we were [a community school] it wasn't perfect... but at least you could get inside it [the process of budget setting]. Now, it's like an end in itself. It's more about being seen to do something, rather than doing something for the right reason [BT2]

These perceptions extended beyond budgeting and budgetary control: this is exceptional. At School B, budgets and related techniques were typically seen as the key accounting disturbance to which the organization had been subject. Other aspects of accounting are implicated in both a reification of process and a rupturing of tradition. As noted by Edwards *et al.* (1995; 1996), Edwards, Ezzamel and Robson (1999; 2005), Power, Laughlin and Cooper (2003), Ezzamel *et al.* (2007) and Ezzamel, Robson and Stapleton (2012), inspection is conflated with accounting. In the words of one teacher:

The accounts [financial statements], the budget and inspection are all held up as this kind of 'holy grail'. [The headteacher and BF] use it as a kind of mantra. I hate it [BT2]

The need for academy schools to prepare financial statements as corporatized units is a feature of a market-based system (Hood, 1995) and of the concept of public sphere accounting (Broadbent, Laughlin and Willig-Atherton, 1994). Financial statements are a key 'element in channels of communication and the power to use resources' (Broadbent, Laughlin and Willig-Atherton, 1994, p. 267) in this context: like other academies, governance arrangements at this field site reflect the more direct downward accountability to decision makers noted by Beadle (2010), Wolfe (2011) and Stafford and Stapleton (2016). School B must prepare financial statements for submission to both Companies House and to central government. Statutory responsibility for these financial statements rests with academy schools, rather than LEAs.

Like the discussion of the pathologies of anomie, disintegration and demoralization at this School, BF recognized that accounting disturbances affected the organization. Without exception, this interviewee saw these effects as justifiable and positive, with paramount importance placed on the need to address poor academic and financial performance. Comments included 'It's all about the deficit' [BF], 'it's been a battle against the deficit' [BF] and 'things had to change and we [the

headteacher and BF] changed them for the better' [BF]. As in the discussion of alienation at this field site, the bursar maintained that the key role of accounting at the School was to resolve the poor financial performance of the organization:

The only reason is the deficit. When we [the headteacher and BF] came in it was up to us. We had to get on with the fight [BF]

Reification of process and rupturing of tradition are acknowledged and justified by the bursar in the context of this poor financial performance. As with the demoralization that emerged at this school, justification was framed in terms of both budget deficits and the potential for job losses. Phrases such as 'there wouldn't be much point [in avoiding a reification of process or rupturing of tradition] if they'd [teachers] been made redundant, would there?' [BF] and 'the big thing is saving jobs' [BF] reflect this framing. As with the organizational symptoms of demoralization, there was some perception that the use of job losses as a justification for these organizational symptoms may have been disingenuous:

Well, if you use redundancy alongside trying to change things [budget setting and budgetary control] then that's it, isn't it? There's nowhere for the conversation to go [BT3]

Deficit and redundancy. They're the two main weapons. Every time there's a meeting, they're [references to the school's financial performance] top of the agenda, you know? [BT1]

As noted earlier in this chapter, the use of accounting as part of a deliberate attempt to colonize is not common (Broadbent *et al.*, 1994); the impact of headteacher type is seen as more important. As with much of the other evidence at School B, accounting disturbances were seen to be a concomitant of the headteacher's approach to management. Particular reference was made to the impact of the headteacher in comments regarding a rupturing of tradition:

When a new [headteacher] comes in you can expect things to change... but this time it turned everything upside down. Not all of it's bad, but I think that we've [the School] lost some of the good things that we had [BT3]

Sometimes you can lose all of the good things through the effort of dealing with the bad things. The baby got thrown out along with the bathwater, you know? [BT1]

Instability is apparent at School B. Both the organizational symptoms of a reification of process and a rupturing of tradition can be found in responses from teachers. The role of the headteacher is considered to be key in the manifestation of instability. At School B, accounting disturbances

are not seen as the most important driver of this pathology of Habermasian colonization. Nevertheless, as with some of the other Habermasian pathologies at this field site, it is recognized that accounting disturbances are implicated in the emergence of the organizational symptoms of this pathology. For instability at School B, the accounting disturbances are not restricted to budgeting and budgetary control: financial statements and inspection were also considered to be important in a reification of process and a rupturing of tradition.

School C: Converter academy

Introduction

School C was established as an academy under the Academies Act 2010. In contrast to School B, it converted to academy status voluntarily: it was not created as a result of intervention by central government. Like School B, this field site is a charitable company under section 12 of the Academies Act 2010. The School's newly created governing body took ownership of the institution's assets on formation in 2012.

Academic and financial performance at this field site were broadly consistent prior to conversion and throughout the period of the study, with some deterioration in academic performance since establishment as an academy. Throughout this period, the School maintained a surplus on its revenue expenditure budget, with a balance of £324,000 as at 31 March 2018. School C had 1,014 pupils as at 1 April 2017 and a school workforce of 104.8 FTEs (of whom 61.0 FTEs were teachers). Compared to School B, which is also an academy, School C's expenditure on teaching staff was 77.9 percent (68.1 percent at School B, with 71.9 percent at School A) of total staff expenditure. This School was rated as '3' Requires Improvement' by Ofsted in 2015 and '2' 'Good' in 2012 prior to conversion, its predecessor school was rated as '2' 'Good' in 2008 and '1' 'Outstanding' in 2005. School C was located in an IMD small area ranked 5,008 out of 32,844.

As a member of a multi-academy trust or 'brand', School C is part of a group of academy schools (albeit School C was the only member of this group as at the time of the study). Delegated responsibility for the governance and management of the organization rests with its governing body and headteacher. The governing body is accountable to the management board of the multi-academy trust that is, in turn, accountable to central government.

The headteacher at School C had been in post since 2009. Notwithstanding the relative longevity of the headteacher's tenure, the accounting disturbances at School C were broadly similar to those at School B. As an academy school, the same accounting requirements and funding arrangements apply at this field site as at School B.

A summary of the findings from each school is presented in Table 12:

Table 12 (repeated): Habermasian pathologies and organizational symptoms of accounting colonization at each field site

		School		
Habermasian pathology	Organizational symptom	A	B	C
Anomie	Inability to clarify intention	Partial: LEA	Yes	Partial: trust
	Obscured and unclear meaning	Partial: LEA	Yes	Partial: trust
Disintegration	Lack of role clarity	No	Partial	No
	Mystification	No	No	No
Alienation	Inability to check evidence	No	Yes	Partial: funding body
	Differentiation of expert cultures	No	Yes	Partial: funding body
Demoralization	Unilateral decision making	No	Yes	Partial: funding body, inspection
	Lack of democracy in decision making	No	Yes	No
	Passivity	Partial: LEA	No	No
Instability	Reification of process	Partial: LEA	Yes	Partial: inspection, trust
	Rupturing of tradition	No	Yes	No

Source: Author

Anomie

Some respondents at School C expressed views that are reflective of anomie, with the organizational symptoms of an inability to clarify intention and obscured and unclear meaning both being evident, to some extent. Similarly to the other field sites, these symptoms are most apparent in responses from teachers and less prominent in those made by the bursar. Further parallels between School A and School B can be found in the framing of these comments in terms of budgeting and budgetary control and, as at School B, in the context of inspection. In the words of two teachers at the School:

I don't understand all of it by any means. Some of it, yes, but there are parts that seem to me to be deliberately opaque. None of this or inspection is [sic] that advanced... but it's all the jargon that surrounds it [sic]. It [the jargon] makes it more powerful than it might otherwise be [CT3]

Inspection trumps everything. The need to be seen to be doing the right thing, even if we're [the School] actually doing something else, is what it's about. We need to be visible and be seen to be visible [CT2]

The statement by CT2 shares some aspects of the views expressed by BT2. Accounting techniques such as budgeting were conflated with inspection. Such conflation is consistent with the wider literature on the role of accounting in the schools' sector (Edwards *et al.*, 1995; 1996; Edwards, Ezzamel and Robson, 1999; 2005; Ezzamel *et al.*, 2007; and Ezzamel, Robson and Stapleton, 2012). Further indication of the organizational symptoms of both an inability to clarify intention and obscured and unclear meaning can be found in other statements by teachers at this field site:

It seems to me that there's more to it than what you can see here [the budgetary control information]. The messages don't always seem to make sense in terms of what I see happening in the School [CT3]

I'm not sure that it's [budget setting and budgetary control] as clear as it could be. There's a lot of jargon that's unnecessary... perhaps it's all the jargon that's in there on purpose [CT2]

When asked to comment further on the reasons why such 'jargon' might be 'unnecessary', phrases such as 'it's not [CF's] fault' [CT2] and 'the systems mean that it must be like that, really' [CT2] do not suggest that the bursar or the headteacher were implicated in deliberate attempts to create obscured and unclear meaning. This is consistent with findings at School A where teachers expressed sympathy with the 'feeling that they've [AF and the headteacher] got their work cut out' [AT2] in responding to accounting disturbances. This contrasts to findings at School B, where the organizational symptoms of anomie were associated with the purposeful actions of the headteacher. In the words of one teacher:

[CF and the headteacher] have a difficult job with that [budget setting and budgetary control], I think. [The headteacher] has to meet a lot of competing demands. Finding a balance is difficult, but we [the teachers] are listened to, definitely [CT3]

Repeated references to 'the system' are apparent in responses from both the teachers and the bursar at this school. Clarification of the meaning of 'the system' was found to be the implementation of new accounting software that was introduced in 2015. Prior to 2015, the School had used services delivered by its LEA under 'buy back' arrangements. The use of this new

software was associated with the management board of the trust, rather than with either the bursar or the headteacher of the School. CF stated that 'it [the new accounting software] all came along with the management board' [CF]. Teachers shared this view: 'it was part of their [the management board of the trust] attempt to flex their power' [CT3] and 'it was their [the management board of the trust] decision, not [the headteacher and the bursar]' [CT3]. The introduction of the accounting software had been 'difficult' [CT2], 'long-winded' [CT3] and 'not without its problems' [CF].

As at School A, teachers' perception of an inability to clarify intention and of an obscured and unclear meaning were shared, to some extent, by the bursar. Phrases like 'we're a bit constrained by the system' [CF] and 'I'm still trying to work out how to make it [budgetary control information] more user-friendly' [CF] reflected these shared frustrations. In contrast to School A, evidence of anomie was not attributed to external relationships. At School A, AF attributed the organizational symptoms of anomie to the School's budget surplus and its broader relationship with its LEA; at School C, any decrease in shared meanings and mutual understanding were evident in the context of the new accounting software and the management board of the trust's role in the introduction of this new software.

One of the teachers at School C expressed views that were markedly different from those of their fellow teachers. Unlike CT2 and CT3, CT1 voiced opinions on anomie that were like those expressed by the bursar at School C:

If anything it's [budget setting and budgetary control] clearer than I expected it to be. We get a chance to ask questions and [CF] is always pretty clear about things [CT1]

CT1 was a relatively new appointee (as was AT3 at School A, who also expresses a perspective that is different from their colleagues). As with the evidence of demoralization at School A, the contradiction in the views expressed by CT1 and the other teachers at this field site can be attributed to context. When CT1 was invited to develop their comments regarding the 'chance to ask questions', their opinion was found to be related to the use of accounting information within the organization. CT1 saw the production of the accounting information by 'the system' with similar scepticism as the other teachers at the School. Any inability to clarify intention and obscured and unclear meaning arose in the context of 'the system that we're required to use by the board' [CT3] and 'their [the management board of the trust] attempt to control what goes on here' [CT3].

Anomie is characterized by a decrease in shared meanings and mutual understanding. An accounting disturbance in the form of the introduction of new accounting software led to some evidence of this Habermasian pathology at School C. Unlike School B, this decrease in shared meanings and mutual understanding was not attributed to the managerial actions of the headteacher. At School C, the organizational symptoms of this Habermasian pathology emerged in the context of actions by the management board of the trust. The accounting disturbances at this field site are similar to those at School B. However, the key distinction between these organizations is the action of the respective headteachers. In contrast to School B, there is little evidence of a deliberate attempt by the headteacher to create either an inability to clarify intention or obscured and unclear meaning.

Disintegration

The lack of role clarity and mystification that are organizationally symptomatic of disintegration are not evident at School C. As explained in chapter four, the organizational pathology of disintegration manifests due to exchanges between lifeworld and system. A 'fragmentation of life' (Bohman, 1999, p. 71) results due to the erosion of bonds between individuals. Teachers at this field site considered that accounting disturbances had led to little, if any, reduction in role clarity or creation of mystification:

Not really. Things are clear, I think. Of course, they've [roles and responsibilities] evolved over time but it's not like accounting has created any, kind of, confusion about who does what [CT2]

There are different professionals here and the boundaries between them are strong. Most of the accounting is done by [CF] [CT3]

The importance of absorbing groups that is highlighted by Broadbent *et al.* (1993), Broadbent *et al.* (1994), Broadbent, Laughlin and Willig-Atherton (1994), Broadbent and Laughlin (1998) and Broadbent, Jacobs and Laughlin (2001) is reflected in the role of the headteacher at this school. The headteacher is seen to play a crucial role in the maintenance of role clarity. As at School A, multiple references were made to the work of the headteacher and the bursar in this context. Phrases such as 'the headteacher and [CF] shield us from them [accounting disturbances] [CT2]

and 'they [the headteacher and CF] have their jobs and we have ours. [The headteacher] hasn't created any blurred edges' [CT3]⁴⁶. The bursar also commented that:

It's up to me and [the headteacher] to try to put a bit of a wall around some of those things [accounting disturbances]. If we didn't, then they [the teachers] would have to get involved in things that would cause problems, I think [CF]

In contrast to the views expressed by respondents at School A, CF was less confident about the extent to which the absorbing group at School C had been successful in maintaining role clarity and avoiding mystification at the organization. This lack of confidence was attributed to the institution's status as part of a multi-academy trust:

Since we became an academy I think that they've [the teachers] been affected more than they used to be. The new system and the board have their ideas... we've got a little way to go, I think, before we get to the bottom of how they [accounting disturbances] will work out [CF]

Some of the frustrations that were found at School A are also apparent at School C. CF saw an increased need to 'check and recheck' [CF] accounting data and the existence of 'grey areas' [CF] in roles and responsibilities in the organization. CF considered that the management board of the trust was the cause of some disintegration at the School:

The reason that I do that [preparation of a particular budgetary control report] is really because of our responsibility to them [the management board of the trust]. Before the [management board of the trust] was set up, it was a little more straightforward. Now, I'm not really sure where some of the [responsibility for financial control] sits in the School [CF]

The professional identity of teachers was seen as critical to the maintenance of role clarity at this field site. This opinion was expressed by all the respondents at the School. Comments such as 'as long as we remember who does what' [CT2], 'we're still teachers' [CT3], 'it's important that we remember who we all are' [CT1] and 'they [the teachers] need to use that [professional identity] to keep the boundaries clear' [CF] illustrate the commitment to role clarity at the organization. Notably, the bursar also saw this professional identity as more important than the work of the absorbing group at the School in this context.

⁴⁶ CT1 was appointed in 2015 and so was not able to comment on the effects of the appointment of the headteacher.

Disintegration does not appear at this field site. Social bonds at School C do not appear to have been affected by accounting disturbances. Despite the concerns expressed by the bursar regarding 'the new system' and the need to 'get to the bottom of how they [accounting disturbances] will work out' [CF], comments from teachers indicated that a lack of role clarity and mystification do not manifest as organizational symptoms at the School. Contrasts with Broadbent and Laughlin's (1998) view of the work of an absorbing group can be found, since such a group does not appear to have been as important in the avoidance of disintegration. This also contrasts with both School A and much of the literature, in so far as the professional identity and logic of teachers appear to be more important. Conversion to an academy and the influence of a management board may have mitigated the effectiveness of the absorbing group at this field site.

Alienation

Alienation is characterized by an increase in feelings of helplessness and a lack of belonging (Habermas, 1987). The organizational symptoms of this pathology are an inability to check evidence and a differentiation of expert cultures. Some inability to check evidence was apparent at this field site; a differentiation of expert cultures was not. In this respect, some parallels exist between School C and School B. A notable exception to this similarity was a disagreement between respondents at School C about the extent of the organizational symptoms of this pathology: the introduction of new accounting software at the School was seen as more problematic by the bursar than by the teachers.

Broadbent and Laughlin (1998) argue that Habermasian accounting colonization is predicated on two factors: the intentions of an absorbing group *vis-à-vis* an accounting disturbance, and; the nature of that accounting disturbance. As discussed in the theoretical framework chapter, transactional design archetypes (Broadbent and Laughlin, 2013) have greater colonizing potential than those that are relational. Links can be made between the effects of accounting disturbances such as the introduction of new accounting software like that at School C and the impact of transactional design archetypes (*e.g.* Dillard and Bricker, 1992; Dillard and Yuthas, 2006; Masquefa, Gallhofer and Haslam, 2017). These studies find evidence of changes to organizational interpretative schemes arising from the implementation of new software. Dillard and Yuthas (2006, p. 218) note:

The lifeworld interests and values shared by the social group, normally sustained through ongoing discursive engagement, begin to give way to the corporate vision embedded within the processes and reports of the ERP [system]

The bursar was unequivocal in attributing an inability to check evidence at this field site to the introduction of new accounting software at the School. References to 'the system' that were found in statements regarding the organizational pathology of anomie can also be seen in the context of alienation:

The problems that we've had with the new system [the new accounting software] have created problems with that [an inability to check evidence] when there didn't use to be any [CF]

I'd always try to analyse the source data whenever I needed to. It wasn't perfect with [the LEA] but now it's even more difficult to make the links [between the funding data and the budget]. The new system has kind of compounded that [CF]

This inability to check evidence was also framed by references to funding and funding bodies. In the words of one teacher:

Sometimes the jargon seems to make things a bit opaque. It's [the jargon] unnecessary, really, but I don't think that [CF] covers things up. Sometimes I can't see how the numbers relate to reality [CT2]

Comments from CT3 regarding an inability to check evidence were also made in the context of funding arrangements and the School's relationship with its primary funding body. Phrases like 'it's a bit of a black box' [CF] (a similar metaphor was used in the discussion of alienation at School A) and 'I'm not sure how I'd go about checking it [the accuracy of the information in the budgetary control reports]' [CT3] reflect such inability. Both CT1 and CT3 added that evidence of this organizational symptom could also be found in the context of the financial statements. Phrases such as 'no idea' [CT3] and 'it's very [the preparation of financial statements] much black arts' [CT2] are typical of this perceived inability to check evidence and its association with the School's need to prepare financial statements.

Notwithstanding the effect of the need to prepare financial statements, similarity between School C and School A in this context can be found in the main source of an inability to check evidence: at both field sites, this was attributed to each School's interactions with its primary funding body. Inter-organizational, rather than intra-organizational, relationships were considered to be causal factors in the existence of any of the organizational symptoms of alienation.

In contrast to the organizational symptom of an inability to check evidence, indicators of a differentiation of expert cultures were rare at this field site. The strength of the boundaries between professionals and the maintenance of a professional identity amongst teachers at School

C were discussed in the context of disintegration. Far from creating the feelings of helplessness and lack of belonging that characterize alienation, an expert teaching culture was seen to help to ameliorate the symptoms of this Habermasian pathology. Some of this amelioration is attributed to the work of an absorbing group (Broadbent *et al.*, 1994):

We [the headteacher and CF] try to shield [the School] against the worst effects of them [accounting disturbances] [CF]

[The headteacher and CF] try their best to do that [absorb the effects of accounting disturbances], I think. It's a balancing act, isn't it? [CF]

One of the symptoms of alienation is manifest at School C: there is some inability to check evidence. As at School A, the principal cause of this inability was the relationship between the School and its primary funding body. The need to prepare financial statements was a contributory factor. The other symptom of this organizational pathology, being a differentiation of expert cultures, is not apparent. The strong professional identity of teachers at this field site was seen as important in guarding against alienation. An absorbing group was also considered to have contributed in this context but was perceived to be less important than at School A. On balance, alienation does appear at this field site, but only in the context of the School's relationship with its main funding provider.

Demoralization

There was limited evidence of an unwillingness to take responsibility for actions and social phenomena at School C (Habermas, 1987). The organizational symptoms of unilateral decision making, a lack of democracy and passivity were not evident: any demoralization at this field site was attributed to inter-organizational relationships with each of the School's main funding provider and Ofsted, respectively. In this sense there are some similarities between findings at this organization and those at School A.

Agyemang's (2009) study of accounting's role in 'steering' (Agyemang, 2009, p. 763) processes reveals 'unusual' (Agyemang, 2009, p. 762) accountability relationships between LEAs and community schools. School C is a converter academy: its primary funding body is central government rather than its LEA. Nevertheless, the lack of direct control between LEAs and community schools is also reflected in that between central government and academies, but the secondary steering organization (previously the LEA) has been replaced by a central government

agency. Agyemang's (2009) steering processes may also exist between academy schools and central government, albeit in different forms.

As at the time of writing, the Education and Skills Funding Agency is responsible for the funding and regulation of academies in the schools' sector (and other institutions in the broader education sector). This agency is closer to central government than School C's former LEA. There is some evidence in the literature that this could have had led to different forms of control and power relations between funding provider and service provider (Agyemang, 2010; Agyemang and Ryan, 2013) than those between LEAs and community schools. The prioritization of transparency by LEAs that is noted by Agyemang (2010) did not appear to be shared by central government in this case:

I just can't get at the source data in the same way that I used to be able to do [when the organization was a community school and funded by the LEA]. Although they [central government] tell us [the School] that they've moved away from historical funding, I suspect that they've made their decision either way [CF]

The bursar's concerns about unilateral decision making and lack of democracy in the School's interactions with its main funding provider were shared by those of teachers in terms of inspection. All interviewees at this field site highlight the scope for unilateral decision making in inter-organizational relationships with inspectors:

Ofsted operates as a 'star chamber'⁴⁷ that could make or break us [CT2]

We're always gearing up for the next inspection. We've got to dance to their tune, haven't we? There's no choice in it, really [CT3]

Our reputation could be broken if it [inspection] doesn't go well. I spend a lot of time thinking about that and, you know, sometimes I wonder if I need to. They'll [central government] do what they want to anyway, won't they? [CT1]

It's another reason why we need to get the [accounting] numbers right. It's a big part of inspection and I don't want to give them [Ofsted] anything that might help them to make a case that they might bring with them [CF]

Whilst references to inspection at School B were made most commonly in the context of the pathology of anomie, they were more extreme at School C than at School B and pervade the evidence of demoralization and other Habermasian pathologies from this field site. Comments

⁴⁷ A pejorative term that is used to refer to legal or administrative proceedings that result in arbitrary and overly strict rulings. The term's origins can be found in a court of Privy Councillors and judges in Renaissance-period England.

such as ‘inspection trumps everything’ [CT2] and ‘we’re always gearing up for the next inspection’ [CT3] reflect this emphasis.

Notwithstanding the evidence of some unilateral decision making in aspects of the School’s interactions with its main funding provider and in inspection, there is little evidence of any of the organizational symptoms of demoralization in interactions within the School. Similarly, neither a lack of democracy in decision making nor passivity are apparent in this intra-organizational context. Any demoralization at the School, however limited, was attributed to inter-organizational relationships. As in the discussion of other pathologies of colonization at School C, there was a relative lack of emphasis on the importance of an absorbing group. The ‘strength’ of professional identity amongst teachers was seen as more important in combating the potential effects of this Habermasian pathology.

Instability

The reification of process and rupturing of tradition that are symptomatic of instability were not apparent at School C. There was some reification of process, but this was situated in and limited to the contexts of the School’s relationship with central government inspection and the implementation of the new accounting software. Like the Habermasian pathologies of disintegration, demoralization and, to some extent, alienation, at this field site, evidence of instability is partial and context specific.

Similarities at this field site can be found in the pattern of organizational symptoms at School C and those at School A. Evidence of a reification of process was found in comments from each of the teachers at both organisations. As at School A, this reification of process at School C was framed by inter-organizational relationships between the School and each of the ESFA and Ofsted. Interactions between respondents and these organizations were the drivers of this organizational symptom. In the words of one interviewee:

It’s [the determination of funding] a very rigid process. When we look at things like needs, there’s little scope for ‘wriggle room’. The process is sometimes more important than the outcome, yes? [CF]

The bursar was invited to amplify their comment: phrases such as ‘they’re [central government] driven by their own agenda’ [CF] and ‘they’ve got all the power because they hold the information’ [CF] resonate with some of the findings reported by Agyemang (2010, p. 103), who notes how ‘pressures on the funder influenced the extent to which service provider needs were

incorporated into the formula'. At School C, these pressures were perceived to have been applied by the ESFA. The perception that funding providers act as a 'power source' was also evident and has been noted by Agyemang (2010, p. 105):

The process was more 'top-down' rather than 'bottom-up'... [the] formula continues to allow the funding body to steer service providers although the steer may be more indirect (Agyemang, 2010, p. 105)

There were some indications that the form of steering control exercised by central government may be different from the steering found by Agyemang (2010) and Agyemang and Ryan (2013). Stafford and Stapleton (2016, p. 5) note how the diminution of the role of LEAs has led to a loss of 'the traditionally close and personalised monitoring of schools'. There was some perception of a change in relationship and of a 'break with tradition' [CF] in this context. Other changes in governance, control and funding arrangements have led to a 'remote' and 'hands off' approach by central government (Stafford and Stapleton, 2016, p. 14). Evidence from this School suggests that the changes to monitoring arrangements and the greater remoteness of the ESFA relative to LEAs have led to some concern about the School becoming isolated from its funding provider.

Comments by the bursar exemplify this view:

[The LEA] used to be far more visible. Their approach wasn't perfect, but now it sometimes feels that we're a bit cut adrift and there's less of a community [CF]

Still, this is not considered to represent the breakdown in social order that is characteristic of instability. There was little evidence of the extent of reification of process and rupturing of tradition that appeared at School B. Phrases such as 'things are different, but they're not a problem' [CF], 'it was more comfortable when we were together [as a part of the LEA 'family'] but the change [the conversion to academy status] been a change for the better' [CF] and 'in some ways, the new approach to financial monitoring is better' [CF] typified this view.

Unlike some of the other organizational symptoms at School C, interviewees referred to the importance of an absorbing group in mitigating any reification of process. Comments in this context were focussed on budget setting and budgetary control, rather than funding arrangements:

There's a team approach. In some ways it helps to bring things together a bit, you know? [CF and the headteacher] don't use it [budgeting and budgetary control] in a way that they shouldn't. The process is fine... it doesn't take over [the process of budget setting and budgetary control] [CT2]

[CF and the headteacher] look after that quite well. The process doesn't take over, no. It's led by [CF and the headteacher] but it doesn't become an end in itself [CT1]

As with the discussion of the Habermasian pathologies of anomie and alienation at this field site, the introduction of the new accounting software had the greatest impact in terms of reification of process. Responses from all interviewees are marked by repeated references to 'the system' (the introduction of new accounting software at this field site). Any destabilization and breakdown in social order at School C was attributed to this system. CF saw the introduction of the new accounting software as particularly problematic:

It [the use of the new accounting software] means that we're wedded to something that is a little bit outside of our control. Previously, we were in control of the process... it feels a bit like the software is leading us now [CF]

The teachers at School C saw the new accounting software as something that was not likely to have a major influence on their work; an absorbing group was considered to be important in providing protection against any effects. Teachers considered that '[CF] is a safe pair of hands. [The headteacher and CF] will be able to deal with it' [CT3] and '[the headteacher and CF] will be able to deal with the management board of the trust. The software won't change that' [CT2].

Instability does emerge at School C, but only partially and in the context of inter-organizational relationships. Some reification of process is apparent but this is a result of interactions between the School and its primary funding body, rather than relationships within the organization. Likeness can be found between School C and School A in this context. Some reification of process is also associated with the introduction of new accounting software: the management board of the trust were perceived to be responsible for this accounting disturbance and both the bursar and the headteacher, as part of an absorbing group (Broadbent and Laughlin, 1998), are considered to be important in helping to mitigate the influence of both of these accounting disturbances.

Chapter eight

Findings: Oakes and Berry's (2009) behavioural responses

Introduction

In chapter seven, the testable propositions that (1) Habermasian accounting colonization is a more complex phenomenon than that suggested by Broadbent and Laughlin's (2013) distinction between colonization and resistance, and; (2) contrasting accounting disturbances should cause variation in the prevalence of the organizational symptoms of accounting colonization, were considered. In this final chapter of findings, further analysis is developed and is based on Oakes and Berry's (2009) critique of the 'representation of accounting colonization in the social field as a dichotomy of coercive colonization or resistance' (Oakes and Berry, 2009, p. 370). A third testable proposition is therefore considered, namely:

- (3) Accounting disturbances of contrasting nature should cause different behavioural responses. The greater the severity of accounting disturbances, the greater the likelihood of mock obedience or real obedience (Oakes and Berry, 2009)

Framing for a critical evaluation of the impact of Habermasian colonization on organizational micro-practices is offered by Oakes and Berry's (2009) developed model of accounting colonization. An explanation of this model and of the behavioural responses to accounting disturbances described therein is provided in the review of the literature on accounting colonization (chapter three) and in the theoretical framework (chapter four).

Oakes and Berry's (2009) developed model of accounting colonization seeks to address the perceived dualism, emphasis on scientific method and need to better reflect the subtlety of behavioural responses to accounting disturbances than are presented in much of the existing literature. At the heart of Oakes and Berry's (2009) conceptualization is the view that colonization is not necessarily predicated on coercive accounting disturbances. Behavioural responses to accounting disturbances, which could include changes to interpretative schemes, are more nuanced than is suggested by Broadbent and Laughlin's (2013) modified and translated framework of accounting colonization. Changes to interpretative schemes can arise for reasons other than coercion.

Whilst recognizing the scope for a relationship between coercive colonization and accounting disturbances, other behavioural responses may also emerge; accounting disturbances may extend beyond coercion to include the use of persuasion, incentives and propaganda. The dichotomy between resistive absorption or coercive colonization that pervades much of the literature is seen to fail to reflect the potentially complex, subtle and disparate nature of behavioural responses to accounting disturbances (Oakes and Berry, 2009; Campanale and Cinquini, 2016; Oakes and Oakes, 2016).

For Oakes and Berry (2009), accounting colonization is modelled as a continuum from enforced and undesirable change in the form of coercive colonization, through to change that is discursive and desirable. Behavioural responses to accounting disturbances may be due to moods and emotions that shape and are shaped by institutional contexts (Oakes and Berry, 2009). For ease of clarity, Oakes and Berry's (2009) model is restated in Table 5:

Table 5 (repeated): Oakes and Berry's (2009) developed model of accounting colonization

Form of colonization	Coercive	Behavioural response	Behavioural response exemplified by
		Real obedience	Compliance with change to interpretative schemes
	Instrumental	Mock obedience	Compliance without change to interpretative schemes
		Devious compliance	Compliance, but changes to interpretative schemes are unlikely. Support is voiced, and instructions are enacted
	Discursive	Dialogic compliance	Compliance with some change to interpretative schemes. Doubts may surface periodically
		Discursively pathological	Compliance with change to interpretative schemes. Discourse may not be open. False consciousness may arise
		Discursively benign	Compliance with change to interpretative schemes. Discourse reflects Habermas' ideal speech situation

Source: Oakes and Berry (2009)

The empirical data that is used in chapter seven is also utilized in this chapter. The use of semi-structured interviews to collect this data permits a focus on the behavioural responses to accounting disturbances. It is also consistent with the underlying research approach and the methodologies that are used in the existing body of literature on this topic. As in chapter seven, a descriptive format is used to develop these narratives. Like the analysis and interpretation of the organizational symptoms of colonization and accounting disturbances, the data are presented initially as 'narratives' and there are instances in which the author's voice appears in the text. A continuous interplay (Ahrens and Chapman, 2006) is maintained between empirical detail, Oakes and Berry's (2009) developed model of accounting colonization and the process of 'data condensation' (Adams, 2017, p. 913). Table 13 presents a summary of findings from each field site:

Table 13: Behavioural responses to accounting disturbances at each field site

School	Form of colonization	Behavioural responses	
		Bursar	Teachers
A	Instrumental	Devious compliance, with some real obedience	Dialogic compliance
B	Coercive	Real obedience	Mock obedience
C	Instrumental	Dialogic compliance	Dialogic compliance

Source: Author

Details of the characteristics of each field site can be found in chapter five. For ease of clarity, a summary of these characteristics is provided in Table 10; details of the coding scheme can be found in appendix C.

Table 10 (repeated): Characteristics of schools as at 1 April 2017

School	Type of school	No. of pupils (2017)	Ofsted rating ⁴⁸	Ownership, governance and management	Funding	Accounting disturbances
A	Community	729	3	LEA controlled	LEA	New approach to budget setting and budgetary control (LEA).
B	Sponsored academy	1,026	4	Academy	ESFA	New approach to budget setting and budgetary control (school); Receipt of a financial notice to improve by the ESFA ⁴⁹ ; Requirement to prepare a financial recovery plan to achieve a balanced operating budget by 2019/20; and Preparation and publication of financial statements.
C	Converter academy	1,014	3	Multi-academy trust; governing body is accountable to a management board	ESFA	New approach to budget setting and budgetary control (school); New main accounting system and related software; and New governance framework following creation of a multi-academy trust.

Source: Author; Department for Education (2018b)

⁴⁸ 1 = Outstanding, 2 = Good, 3 = Requires Improvement, 4 = Inadequate.

⁴⁹ Education and Skills Funding Agency: provider of funding to and (for academies) regulator of schools. Part of central government (the Department for Education).

School A: Community

Introduction

As discussed in the preceding chapter, accounting disturbances at this field site were frequently associated with the School's relationship with its LEA. The evidence of Habermasian colonization and the organizational symptoms thereof at School A include anomie (partial) and aspects of each of demoralization and instability. Persuasion and incentivization were used as part of the LEA's introduction and maintenance of a new approach to budget setting and budgetary control at the School.

Persuasion and incentivization reflect Oakes and Berry's (2009) description of instrumental colonization: these methods, together with propaganda and bribery, are seen as a basis to elicit compliance with accounting disturbances. Two categories of behavioural response emerge as a result of instrumental colonization: devious compliance and dialogic compliance. Devious compliance does not usually involve changes to interpretative schemes but is characterized by the voicing of support for accounting disturbances. Dialogic compliance is typified by some change to interpretative schemes, but in contrast to devious compliance, apprehension about accounting disturbances is expressed alongside apparent compliance as 'doubts surface periodically' (Oakes and Berry, 2009, p. 373). These behavioural responses can also lead to a 'slow, evolutionary and insidious' form of accounting colonization (Oakes and Berry, 2009).

Forms of colonization and behavioural responses

Behavioural responses to accounting disturbances can be both ambiguous and subtle. Ambiguity is reflected in the contradictory nature of some of the evidence from this field site. Subtlety is apparent in the way in which the perception of some interviewee's changes during the period of the study. Comments from respondents reflect some unilateral decision making (Forester, 1985; Forester, 1993; Kemp, 1983; Oakes and Oakes, 2016), which is an organizational symptom of demoralization. In the words of one teacher:

If I needed to, I'm not sure if I could get to the bottom of it [budgeted and actual expenditure against departmental budget]. I think that it's like that because it suits them [the LEA] for it to be that way [AT1]

Sometimes I think that, you know, it's all a bit of a game. When it comes down to it, they [the LEA] just do what they want anyway. Sure, they [the LEA] can pretend that it's all about partnership and all that but, really, it's not, is it? [AT1]

To a lesser extent, a reification of process is also prevalent at School A: this is an organizational symptom of the Habermasian pathology of instability. Whilst not addressed in Oakes and Berry (2009), evidence of this pathology is apparent in Forester (1985), Pusey (1991) and Forester (1993). Parallels exist between the emergence of this organizational symptom (and that of a reification of process) in the empirical literature and at School A. The impact of reductions in financial resources and attempts to reduce operating costs that are apparent in the literature (Kemp, 1983; Forester, 1993) are evident at this field site.

All of the respondents at School A consistently framed their comments in terms of the organization's interactions with its LEA. Similarly to Campanale and Cinquini (2016), accounting disturbances that originated from outside the School evoked different behavioural responses from those that came from within the organization. The perceived unilateral decision making was found to be due to inter-organizational rather than intra-organizational relationships between organizational participants. Reification of process was also most prevalent in the School's interactions with its LEA rather than in interactions within the organization. The contrasting effect of external and internal accounting disturbances is typified by a statement from AT3:

When it's from out there [external to the School] I just don't get it... but, you know, I totally get how we at least try to use it. There's a team here. It works pretty well [AT3]

All three teachers at School A made use of the phrase 'get [or getting] on with it' [AT1; AT2; AT3] in the face of what were considered to be 'unnecessary' [AT2] and 'deliberate attempts [by the LEA] to make things more difficult than they need to be' [AT1]. A sense of resigned acceptance pervaded the comments. This resigned acceptance reflects aspects of Oakes and Berry's (2009) description of instrumental colonization – dialogic compliance:

Well, there's not much that we [teachers] can do about that, don't you think? We must accept it... but that doesn't stop us from saying that we disagree! [AT2]

We still get to have our say... I think it's fair to say that we [teachers] don't like it, but that's just the way it is [AT1]

The second theme that emerges from the evidence of the Habermasian pathologies of alienation, demoralization and instability at this field site is reflected in repeated references to the importance of an absorbing group (Broadbent and Laughlin, 1998). As noted in the discussion of

the Habermasian pathologies and organisational symptoms of accounting colonization at School A, teachers recognized and valued the work of this group. It appears to present a basis by which certain behavioural responses to accounting disturbances were able to emerge. Phrases such as 'it's [dealing with the LEA] a tough one for [AF] and the boss [the headteacher] [AF]' [AT2] and 'I can see how they protect us a bit, too. All of that stuff with them [the LEA] is best left to [AF and the headteacher]' [AT2]. This absorbing group played an important role in providing an 'initial butt of all environmental disturbances' (Broadbent and Laughlin, 1998, p. 417). This is consistent with Broadbent *et al.* (1993), Broadbent *et al.* (1994), Broadbent, Laughlin and Willig-Atherton (1994) and Broadbent, Jacobs and Laughlin (2001). However, despite the work of an absorbing group, teachers were still exposed to the use of persuasion and incentives by the LEA:

I don't like the way that they [the LEA] have done that [the use of persuasion and incentives]. They've done it to get what they want, you know? It suits them, but it causes problems elsewhere in the system [AT2]

When it's put like that [the use of persuasion and incentives] there's no way around it, again, is there? But they're not fooling anyone into thinking that way... but it does make me angry [AT3]

Behavioural responses can be ambiguous. As noted earlier in this chapter, a sense of resigned acceptance to accounting disturbances amongst teachers at School A reflects aspects of instrumental colonization - dialogic compliance. Organizational participants complied with accounting disturbances and there is some evidence of changes to interpretative schemes, but doubts continued to be expressed. There was little support amongst teachers for the change and use of persuasion, incentives or propaganda.

In contrast, AF was broadly supportive of the accounting disturbances and enacted the associated instructions; AF was also rarely critical of the use of persuasion and incentivization by the LEA. This is typical of instrumental colonization – devious compliance. Moreover, any doubts expressed by both teachers and by AF became less prevalent as the study progressed. There is also evidence of some changes to the bursar's interpretative scheme, an outcome that is more indicative of instrumental colonization - dialogic compliance. This contradicts Oakes and Berry's (2009) definition of devious compliance in which interpretative schemes are considered to be unlikely to change because of an accounting disturbance.

The ambiguity of the behavioural responses to accounting disturbances at the School is exemplified by a contradiction: the bursar had a very different perception of the prevalence of the organizational symptoms of an inability to check evidence and of unilateral decision making than

the teachers. This was typified by comments such as ‘it’s all pretty transparent’ [AF] and ‘they’re really open about it [budget setting and budgetary control techniques]’ [AF] compared to the likes of ‘if I needed to, I’m not sure if I could get to the bottom of it [budgeted and actual expenditure]’ [AT1] and ‘it seems like it’s sometimes a bit of a black box’ [AT2]. Also, AF did not share the teachers’ criticism of the LEA’s use of the persuasion and incentivization that are characteristic of Oakes and Berry’s (2009) notion of instrumental colonization:

As well as that [accounting information received from the LEA] they use things like that, too [incentives and persuasion]. It’s just the way that it is [AF]

AF saw the use of persuasion and incentives as ‘natural features’ [AF] of the School’s relationship with its LEA. Comments such as ‘they’re [the LEA] really open about it [budget setting and budgetary control]’ [AF] and ‘it’s just the way that things are now’ [AF] illustrated this view. The bursar moved beyond a resigned acceptance of the effects of accounting disturbances and was generally more positive about these effects: ‘they try to get what they want, but we try to get what we want. It’s all part of the system’ [AF] and ‘it’s still a partnership, you know? Don’t get me wrong, it’s not confrontational’ [AF].

As well as this ambiguity, behavioural responses to accounting disturbances can also be subtle and difficult to identify; changes to interpretative schemes can be slow and gradual (Oakes and Berry, 2009; Oakes and Oakes, 2016). AT3’s responses regarding an inability to clarify intention (being an organizational symptom of anomie) varied during the period of the study. In their first interview, AT3 stated that ‘it sometimes feels like we can’t or maybe shouldn’t ask [about the budget] – because the budget can’t be questioned’ [AT3] and ‘in some ways, all these new finance systems have made things more difficult to find out what we need to know’ [AT3]. This is suggestive of instrumental colonization – dialogic compliance. AT3 shared the resigned acceptance of the influence of accounting disturbances at the School that was exhibited by AT1 and AT2, but was more critical of their impact. Later in the study, this teacher went on to state that ‘no... it’s not like that. We’re a team’ [AT3]. The perceived inability to clarify intention appears to depend, like much of the evidence of the organizational symptoms of accounting colonization at School A, on the context in which interactions take place.

The duration of the study means that it is difficult to discern if AT3’s shift in perception is part of the slow and gradual effect of accounting disturbances on behaviour that is noted by Oakes and Berry (2009) and Oakes and Oakes (2016). AT3’s developing views may be a culmination of such change; they may also reflect a more rapid adjustment in perception. Nevertheless, there is a

need to be sensitive to the possibility that behavioural responses to accounting disturbances can change over time. It also offers further indication of the subtlety of behavioural responses to accounting disturbances. As with much of the evidence from this field site, the context in which behavioural responses were situated is important: differing levels of faith are placed in accounting depending on the perceived source of an accounting disturbance. Accounting disturbances that are based on persuasion, incentives and propaganda that originate from outside the organization were viewed with greater scepticism than those that came from within the School.

A sensitivity to the scope for change in behavioural responses over time is of even greater importance in the light of the scope for these behavioural responses to be insidious (see Oakes and Berry's, 2009, description of discursively pathological colonization). Like AT3, the bursar's opinion appears to vary during the study. Criticism of an accounting disturbance was evinced in the first interview:

Sometimes it seems like they [the LEA] are more interested in being seen to do the right thing [AF]

They [the LEA] don't control what we do... but I'm not naïve enough to think that they're always on our side [AF]

As noted previously in this chapter, the bursar did not share the teachers' perception of the prevalence of unilateral decision making at the School. These comments also contrast with evidence from the second interview with AF in which some support was expressed for the accounting disturbance and its impact:

When you put it all together, it works in its own way. If they [the LEA] push a bit here, then we respond by pushing back a little bit over there. In that way things can be kept in a kind of balance [AF]

It's [the use of persuasion and incentives] really not a problem. It's part of the system, part of the game, you know? I quite like it that way [AF]

As in the observation of the subtle change in AT3's perception, a longitudinal assessment of the apparent shift in the bursar's behavioural response is problematic due to the duration of the study. Again, like AT3's changing views, it may be a result of more rapid development. It could also reflect a more insidious process whereby exposure to accounting disturbances leads to a gradual move from instrumental colonization – devious compliance to other forms of behavioural response such as instrumental colonization – dialogic compliance or discursive colonization – discursively pathological.

The degree of support for an accounting disturbance is one of the factors that Oakes and Berry (2009) use to delineate behavioural responses to instrumental colonization. Instrumental colonization - devious compliance is marked by the voicing of support although changes to interpretative schemes are unlikely, whereas instrumental colonization - dialogic compliance is characterized by expressions of doubt with some changes to interpretative schemes. A subtle shift in AF's perception towards stronger support for accounting disturbances can be identified; the accompanying change to AF's interpretative scheme is also suggestive of aspects of real obedience.

The use of persuasion and incentives by the LEA is consistent with Oakes and Berry's (2009) description of instrumental colonization. The application of these approaches in relationships between organizations is also consistent with Agyemang's (2009, p. 763) concept of 'steering', whereby accounting is used as part of a nuanced form of control by LEAs. The bursar at School A recognized the subtlety of this form of control and this acknowledgement is redolent of instrumental colonization – devious compliance. AF's support for the accounting disturbance suggests a different form of behavioural response from that exhibited by the teachers at this field site who exhibit aspects of instrumental colonization – dialogic compliance.

The six behavioural responses in the developed framework of accounting colonization are seen by Oakes and Berry (2009, p. 374) as 'analytic categories' that may overlap. Oakes and Berry (2009) and Oakes and Oakes (2016) perceive both accounting colonization and the behavioural responses thereto as continua: responses can be difficult to categorize. The dominant behavioural response at this field site is dialogic compliance, but there is evidence of overlap with other behavioural responses. The ambiguous and subtle nature of these responses was reflected in the contradictory perception of some interviewees. Some features of the bursar's behavioural response were also both difficult to categorize and subject to change during the study.

School B: Sponsored academy

Introduction

As an academy school, this organization must prepare and publish financial statements. School B has also been subject to a financial notice to improve by the ESFA. Like School A, accounting disturbances at this field site included a new approach to budget setting and budgetary control. Given the relative strength of the accounting disturbances at School B, increased prevalence of the organizational symptoms of colonization at the School would appear to be axiomatic: the same could be said of the behavioural responses to accounting disturbances⁵⁰. Ostensibly, the nature of the accounting disturbances at this field site suggest that coercive colonization - mock obedience, or compliance without change to interpretative schemes, and coercive colonization - real obedience, being compliance with change to interpretative schemes, would be more likely to manifest as behavioural responses.

Forms of colonization and behavioural responses

Unlike School A, the accounting disturbances at this field site were not limited to a new approach to budget setting and budgetary control. An ESFA financial notice to improve and the need to prepare and publish financial statements were also implicated. Further contrasts to School A can be found in the nature and role of absorbing groups at each field site. At School A, a group was found to offer some resistance to accounting disturbances in the form of absorption; at School B, an 'absorber-wheeler-dealer' and 'managerial entrepreneur' (Broadbent *et al.*, 1994) headteacher type was considered to have amplified, rather than absorbed, the effects of accounting disturbances.

The organizational symptoms of accounting colonization were more apparent at School B than any of the other field sites. As with the prevalence of the organizational symptoms of accounting colonization at School B, it would appear to be self-evident that different accounting disturbances should lead to both different organizational symptoms of accounting colonization and different behavioural responses to those at School A.

⁵⁰ See testable proposition three.

Oakes and Berry (2009) define coercive colonization as a deliberate and enforced attempt to achieve compliance with organizational requirements. As with all of the behavioural responses in Oakes and Berry's (2009) developed model of accounting colonization, mock obedience and real obedience are idealized responses to coercion. As discussed in chapter seven, deliberate attempts to use budgets and budgetary control to secure behavioural compliance are seen as an outlier (Broadbent *et al.*, 1994). The use of accounting disturbances in this way at School B provides evidence of just such an extreme. As with School A, the form of colonization was easier to discern than the behavioural responses: analysis reveals ambiguity, subtlety and a need to recognize that the behavioural responses in Oakes and Berry's (2009) developed framework are analytic categories (Oakes and Berry, 2009) rather than clearly delineated descriptors.

The Habermasian pathologies of anomie, disintegration (partial), alienation, demoralization and instability are all apparent at School B. The manifestation of the organizational symptoms of these pathologies was discussed in chapter seven. An ability to clarify intention, obscured and unclear meaning, lack of role clarity, an inability to check evidence, differentiation of expert cultures, unilateral decision making, a lack of democracy in decision making, reification of process and a rupturing of tradition can all be found at this field site. There is also some evidence that accounting disturbances have been used as part of a deliberate attempt to create these organizational symptoms:

It's all about control, isn't it? Whether or not I can check it [the accounting information] is by-the-by really, because it's mostly jargon anyway. It's not what it's about. It's about control. It's about using the deficit as an excuse for more control [BT1]

It's about the attempt by them [the headteacher and BF] to keep things covered up. They keep all of it [budget setting and the use of budgetary control techniques] close. There's a definite split between the business side of the school and the classroom. It didn't use to be like that [BT2]

School B was established as an academy school due to poor academic and financial performance: this poor performance had continued since the School was created in 2012. The School has been subject to a financial notice to improve by the ESFA; a financial recovery plan to achieve a balanced operating budget by 2019/20 applied during the period of the study. The legacy of poor financial performance and the impact of the financial notice to improve were prominent in the organization throughout the period of the study.

Interviewees referred to the School's history of financial deficit when commenting on the influence of more recent accounting disturbances. Examples include 'the whole thing [the use of the budget and budgetary control techniques] is set up to get us out of deficit' [BT2] and 'we were

in deficit... maybe people weren't clear about who should be doing what. I think that they're pretty clear now' [BF]. BF maintained that the need to address the poor financial performance of the organization and to meet the decision-making needs of the recently appointed headteacher were paramount. Comments such as 'the previous approach to budget setting and budgetary control was a mess' [BF] and 'it's about getting the School out of deficit' [BF] exemplify this view. Teachers asserted that the ESFA financial notice to improve and financial statements had also been used as part of a deliberate attempt to create some of the organizational symptoms of colonization. Alongside the reference to poor financial performance, this points to evidence of coercion.

Responses that include indications of the Habermasian pathology of instability are particularly marked by references to inspection. Instability is characterized by destabilization and breakdown in social order: reification of process and rupturing of tradition are organizational symptoms of this pathology. In the words of one teacher:

The accounts [financial statements], the budget and inspection are all held up as this kind of 'holy grail'. [The headteacher and BF] use it as a kind of mantra. I hate it [BT2]

Like Broadbent and Laughlin (2013), Oakes and Berry's (2009) view of coercion reflects a deliberate, enforced and often sudden change to interpretative schemes. The reification of process and rupturing of tradition due to the impact of inspection at School B can be related to Oakes and Berry's (2009) concept of coercive colonization: the deliberate use of accounting disturbances and enforcement of compliance with change are often marked by these two organizational symptoms. Deliberate attempts to destabilize extant interpretative schemes are also, whilst rare (*e.g.* Broadbent and Laughlin, 1994), a feature of coercive colonization.

The bursar at this field site disagreed with the view that accounting disturbances had been used in a deliberate manner. BF framed their justification of the use of budgets and budgetary control, financial statements and inspection at School B in three related contexts. The School's deficit on its revenue budget, the decision-making needs of the headteacher, and the 'heroic' notion of protecting against job losses. Phrases such as 'the changes that we've made [to the approach to budget setting and budgetary control techniques] were needed, '[The headteacher] needed to make some tough decisions' [BF] and 'the only reason is the deficit. When we [the headteacher and the BF] came in it was up to us. We had to get on with the fight' [BF] typify the bursar's opinion.

The deliberate creation of the Habermasian pathologies of colonization and the related organizational symptoms at the School is arguable. Nevertheless, teachers did perceive the use of techniques such as budgeting and budgetary control as part of purposeful attempts to secure behavioural compliance. In contrast, BF sought to justify the use of these techniques in terms of responding to external threats and the decision-making needs of the headteacher, rather than as part of any intentional attempt at accounting colonization.

Irrespective of the extent to which accounting disturbances were used as part of deliberate attempts to create the organizational symptoms of colonization, a consensus emerges from the data: all interviewees make consistent and repeated references to the importance of the headteacher in this context. At School A, interviewees saw the work of the headteacher, the bursar and other members of a small absorbing group as helping to ameliorate the effects of some accounting disturbances. Respondents at School B placed a similar emphasis on the role of the headteacher; however, differences of opinion existed between the teachers and the bursar. The former saw the headteacher's adoption of 'absorber-wheeler-dealer' and 'managerial entrepreneur' types (Broadbent *et al.*, 1994) in a negative context. Headteacher type was conflated with what were perceived to be the harmful impacts of accounting disturbances. Moreover, headteacher type was seen to be more disruptive than the accounting disturbances themselves:

I doubt if it's [budget setting and budgetary control information] all there anyway, you know? It's more about getting us to do this and to do that. We [teachers] can see that. So, I suppose that part of it [a deliberate attempt to create an inability to check evidence] hasn't really worked for them [BF and the headteacher] [BT3]

I get the feeling that there's way too much 'wheeling and dealing' ... it's, you know, more 'smoke and mirrors' [BT2]

It's the whole business-like and dealing thing that's different. The accounting is just part of that, you know? [BT3]

In contrast, BF saw the impact of headteacher type in a positive context. As with the teachers at this field site, the bursar saw the role and influence of the headteacher as more important than the impact of the accounting disturbances themselves. The influence of the headteacher was seen to be supported by accounting disturbances but was not considered to be entirely dependent on these accounting disturbances.

Coercive colonization manifests at this field site. Behavioural responses to this form of colonization were dichotomous: coercive colonization - mock obedience is apparent amongst teachers, whereas BF's behavioural response is characteristic of coercive colonization – real

obedience. There was little evidence of changes to interpretative schemes amongst teachers; resistance to and criticism of the use of accounting disturbances was evinced with consistency. One teacher made pejorative references to the use of accounting as a 'camouflage' [BT3] and as a 'tactic' [BT3]; their response was supported by an assertion that 'we [teachers] just don't buy-in to the whole business thing' [BT3]. Another teacher was critical of the way in which the headteacher and bursar 'get involved in things now that used to be led by us [teachers]' [BT1].

Further criticism of the use of accounting disturbances is evident in the absence of the sense of resigned acceptance that pervaded the responses from teachers at School A. There was some acceptance of the behavioural consequences of the accounting disturbances at School B, but this appeared to be due to enforcement: resistance to the use of accounting disturbances persists in the form of direct criticism.

As noted in the discussion of the organizational symptoms of accounting colonization at the School, there is evidence of tension between the professional logic of teachers and the 'business methods and rationales' highlighted by Ezzamel, Robson and Stapleton (2012, p. 296) at this field site. The organizational symptoms of a lack of role clarity, mystification, unilateral decision making and a lack of democracy in decision making were all evident at the School and contribute to this conflict. Accounting disturbances have affected the norms, expertise and practices of teachers:

[The headteacher] came in and things got thrown up into the air again [BT3]

BF uses that [the budget setting and budgetary control system] to try to control how we [teachers] work [BT2]

There is also some evidence of compliance with the use of accounting disturbances without a change to interpretative schemes. Phrases such as 'they're not fooling anyone with this' [BT3] and 'it's all a bit of a power trip at times!' [BT1] reflect a recognition of the potential use of accounting in this way. Whilst accounting disturbances have influenced the professional logic of the teachers at the School, interpretative schemes remained largely intact. This is suggestive of Oakes and Berry's (2009) behavioural response of mock obedience.

Coercive colonization - real obedience reflects compliance that involves changes to interpretative schemes. The short period of time for which BF had worked at the School (the bursar was appointed in 2015) may obviate the extent to which their behavioural responses can be attributed to the impact of accounting disturbances. Oakes and Berry (2009) note that experiences of accounting disturbances can change rapidly: it follows that behavioural responses to those

accounting disturbances may also be subject to similar change and that the bursar's behaviour may be a result of rapid and real obedience.

Naturalized forms of colonization that can be 'difficult to trace' may arise over longer periods of time (Oakes and Berry, 2009, p. 375). As argued by Oakes and Berry (2009), the relationship between behavioural responses and accounting disturbances is not always a direct result of the effect of particular accounting techniques: it may arise due to indirect and longer-term exposure to accounting disturbances that leads to a gradual and sometimes imperceptible exchange of ideas. BF had worked in the schools sector since 1998: their behaviour may be a result of a cumulative exposure to factors in the broader schools' sector, rather than the accounting disturbances at School B. Irrespective, the data provides evidence that real obedience and support for the use of accounting disturbances may emerge for reasons other than coercion. Findings from School B also suggest that behavioural responses to accounting disturbances may possess greater ambiguity and subtlety than those that are reflected in Oakes and Berry's (2009) developed framework of accounting colonization.

The form of accounting colonization at School B was clear: coercive colonization was apparent. Teachers at this field site saw accounting disturbances as being used deliberately as part of the headteacher's purposeful attempt to enforce change at the School. The bursar disagreed with this assertion and justified the use of accounting techniques in terms of poor financial performance and the 'heroic' notion of protecting against job losses.

The 'absorber-wheeler-dealer' and 'managerial entrepreneur' headteacher types (Broadbent *et al.*, 1994) reflect a task orientation and an emphasis on financial matters. Such approaches lend themselves more to the deliberate and rapid enforcement of behavioural changes than other headteacher types. It is these headteacher types, rather than the accounting disturbances themselves, that are most prominent in this deliberate usage. At least to some extent, accounting disturbances appear to have been deployed as part of an attempt to secure behavioural change.

Moreover, as at School A, some of the behavioural responses were more ambiguous and had greater subtlety than the 'analytic categories' (Oakes and Berry, 2009, p. 374) used in the developed framework of accounting colonization. Oakes and Berry (2009) recognise that these analytic categories can overlap; pathways of accounting colonization and behavioural responses can also arise due to change that is subtle, nuanced and sometimes imperceptible.

School C: Converter academy

Introduction

School C was established in 2012 and is part of a multi-academy trust or 'brand', although (as at the time of writing) School C is the only organization in this multi-academy trust. As a 'converter academy', School C was not created due to an intervention by central government. The Academies Act 2010 provided a statutory basis by which the framework for the ownership, governance, management and funding of schools was reformed: such schools could be opened by order of the Secretary of State following an application to convert from the school's governing body (Academies Act 2010, s. 4 (1a)) (or following a direct intervention by central government under section 4 (1b) of the Academies Act 2010).

Some of the accounting disturbances at this field site were similar to those at School B: as academy schools, both organizations must prepare and publish financial statements. Both also share the same funding arrangements and regulatory systems. Contrasts in financial performance also exist: since formation, School C had a surplus on its operating budget whereas persistently poor financial performance at School B had led to a budget deficit and intervention by central government in the form of an ESFA financial notice to improve. As at the time of writing, institutions in the schools' sector include 1,541 converter academies (Department for Education, 2017).

Forms of colonization and behavioural responses

Oakes and Berry (2009) distinguish between devious compliance and dialogic compliance as behavioural responses to instrumental colonization. Compliance without changes to interpretative schemes is typical of the former: support is voiced and instructions are enacted, but changes to interpretative schemes are unlikely. Compliance is also a feature of dialogic compliance but whilst doubts may surface periodically, there is some change to interpretative schemes.

Some aspects of instrumental colonization are evident at School C in the form of persuasion and incentives of a similar type to those that were used at School A. However, at School C, those approaches were applied by the management board of the trust, rather than the School's principal funding body. The dominant behavioural response is dialogic compliance: there is

evidence of some compliance, but doubts are expressed. As at the other field sites, there is considerable ambiguity and subtlety in the precise nature of the process of colonization and the behavioural responses.

The influence of the emerging relationship with the management board of the trust and the introduction of new accounting software are important factors in the behavioural responses that manifested at School C. As argued by Oakes and Berry (2009), the intentions of controllers *vis-à-vis* accounting disturbances may not be homogenous and clear: this assertion is evident at this field site. Interviewees did not have a clear perception of either the nature of their respective relationships with the management board of the trust or the new accounting software. This leads to variations in behavioural responses when Oakes and Berry's (2009) developed framework is applied. As at both School A and School B, the precise discernment of behavioural responses using Oakes and Berry (2009) is not straightforward. Whilst instrumental colonization – dialogic compliance emerges as the dominant behavioural response, there is little evidence of the changes to interpretative schemes that are a feature of this response.

Further similarity with School A can be found in the role of an absorbing group and, like School B but with different consequences, the management approach used by the headteacher. Interviewees at School C saw both as having some effect on behavioural responses to accounting disturbances at this field site. The role and impact of an absorbing group was seen as less important than at School A, with conversion to academy status and the influence of the management board of the trust having a mitigating impact on the effectiveness of the absorbing group.

As at School A, the ambiguity and subtlety of behavioural responses noted by Oakes and Berry (2009), Sharma and Lawrence (2015) and Oakes and Oakes (2016) are evident. Ambiguity is reflected in the contradictory nature of some of the evidence; subtlety was apparent in both the nature of the influence of the perceived source of accounting disturbances and in the impact of relative professional experience on behavioural response.

Some of the features of the Habermasian pathologies of anomie (partial), alienation (partial), demoralization (partial) and instability (partial) are apparent at this field site: to some degree, the organizational symptoms of an inability to clarify intention, obscured and unclear meaning, inability to check evidence, unwillingness to take responsibility for actions and social phenomena and some reification of process were apparent. Evidence of these symptoms was typically framed by reference to the School's relationships with its main provider of funding, with Ofsted and the impact of the introduction of new accounting software. The introduction of this new accounting

software was associated with and attributed to the management board of the trust. The following comments illustrate this framing in terms of the symptoms of alienation and instability, respectively:

The problems that we've had with the new system, [the new accounting software] have created problems with that [an ability to check evidence] when there didn't use to be any [CF]

It [the use of the new accounting software] means that we're wedded to something that is a little bit outside of our control. Previously, we were in control of the process... it feels a bit like the software is leading us now [CF]

Similarly to School A, the organizational symptoms that emerged at School C can be associated with relationships with external bodies. Some inability to check evidence, being an organizational symptom of alienation, was apparent. A reification of process, being an organizational symptom of instability, emerged in the context of this institution's relationship with the ESFA as its main funding provider:

It's a very rigid process. When we look at things like needs [needs-based funding] there's little scope for 'wriggle room'. The process is sometimes more important than the outcome, yes [CF]

The effects of new accounting software and the School's inter-organizational relationships reveal a similar theme to that which emerged at School A: the behavioural responses of organizational participants are contingent on the perceived source of an accounting disturbance. As highlighted by Campanale and Cinquini (2016), accounting disturbances that originate from outside an organization have a greater impact than those that are from within (the introduction of new accounting software was associated with the management board of the trust and this body was perceived as being external to the School). There was some change to interpretative schemes, but with periodic expressions of doubt.

Elements of real obedience are also apparent at this field site: the behavioural response of one of the teachers at School C reflected compliance with a change to their interpretative scheme. Some of the features of instrumental colonization – dialogic compliance also emerge, but with expressions of doubt. A resigned but critical acceptance to accounting disturbances was evident and is like that expressed at School A:

Inspection trumps everything. We need to be seen to be doing the right thing, even if we're [the School] actually doing something else, is what it's about [CT2]

We're always gearing up for the next inspection. We've got to dance to their tune, haven't we? There's no choice in it, really [CT3]

Our reputation could be broken if it [performance inspection] doesn't go well. I spend a lot of time thinking about that and, you know, sometimes I wonder if I need to. They'll [inspectors] do what they want to anyway, won't they? [CT1]

Some of the evidence at this field site was contradictory: CT1 did not share the opinions expressed by CT2 and CT3 regarding an inability to clarify intention and obscured and unclear meaning:

If anything, it's [budget setting and budgetary control] clearer than I expected it to be. We get a chance to ask questions and [CF] is always pretty clear about things [CT1]

This contradiction between organizational participants offers further illustration of the potentially ambiguous nature of behavioural responses to accounting disturbances. Whilst CT1's views reflect some change to their interpretative scheme, this behavioural response was contingent on context. CT1 viewed the new accounting software and the influence of the management board of the trust with similar scepticism as that expressed by the other teachers at the School. Still, CT1's behavioural response reflects some features of real obedience; this is a behavioural response to coercive colonization and is characterized by compliance with an accompanying change to interpretative schemes. This is different from the instrumental colonization – dialogic compliance that reflects much of the other behavioural responses at this field site.

CT1 was a relatively new appointee. Both this teacher and AT3 at School A had recently completed teacher training and were in their first substantive teaching posts. Behavioural responses to accounting disturbances are not fixed: they may emerge and evolve gradually over time (Oakes and Berry, 2009). Longitudinally, CT1's behavioural response may shift to one that is more closely aligned with those of the other teachers at the School.

Oakes and Berry (2009) also argue that accounting colonization can arise due to an imperceptible exchange of ideas. The potential for such subtlety in the exchange of ideas to occur as part of a process of education has been considered by, for example, Gallhofer *et al.* (1996), Thomson and Bebbington (2004) and Lehman (2013b); its potential to lead to a form of Habermasian colonization is explored by Power (1991). CT1 and AT3's relatively recent exposure to teacher training suggests that behavioural responses to accounting disturbances may be affected by the exchange of ideas and inculcation of environmental factors. As at School A, the subtle nature of behavioural responses is reflected in the changing nature of some of the evidence. The causal

factors of the emergence of the organizational symptoms of accounting colonization at School C were identified with consistency: these were the interactions with the School's main funding provider and with Ofsted. The introduction of the accounting software and the impact of the management board of the trust were also important in this context.

The bursar at School C became increasingly critical of the effects of these accounting disturbances during the period of the study. The doubt that is a characteristic of instrumental colonization – dialogic compliance is evident in the first interview with this respondent:

If it were just up to us [the headteacher and CF] I think that we could handle it [an accounting disturbance in the form of the introduction of new accounting software] quite comfortably. It's the fact that they're [the management board of the trust] kind of 'outside' of what we had previously [a governing body and the LEA] that can make it a bit tricky at times [CF]

Later in the study, a stronger view emerges in CF's comments:

It [the use of the new accounting software] means that we're wedded to something that is outside of our control. Previously, we were in control of the process... it feels like the software is leading us now [CF]

The bursar's faith in the role of an absorbing group also decreases over the period of the study. This contrasts with the teachers at this field site who saw the headteacher and the bursar as crucial in dealing with the effects of accounting disturbances. Teachers' views at School C are illustrated by phrases such as '[the headteacher and CF] shield us from them' [CT2] and '[CF and the headteacher] look after that quite well. The process doesn't take over, no' [CT1]. CF was less confident about the extent to which an absorbing group was able to address some of the organizational pathologies of accounting colonization. The bursar considered that the protection that such a group could offer against a lack of role clarity and mystification, which are organizational symptoms of disintegration, was limited: the professional identity of teachers was seen as more important as a method of protection. Conversion to academy status and the resulting influence of a management board were implicated in the perception of respondents in this context:

Since we became an academy, I think that they've [teachers] been affected more than they used to be [CF]

Further contradiction can be found in the expression of views regarding conversion to academy status. In some respects, teachers at this field site were critical of the influence of the School's

conversion. The introduction of new accounting software was associated with academy status and the management board of the trust who, in turn, were seen as representative of conversion. Comments by the bursar reflect some support for the change to academy status; examples include 'in some ways, the ESFA's approach to financial monitoring is better' [CF] and 'the change [move to academy status] has been a change for the better' [CF].

The apparent disparity between this view and the lack of faith in the absorbing group points to a need for sensitivity that is identified by Oakes and Berry (2009). Behavioural responses can be subject to slow and gradual change; changes to interpretative schemes can be insidious (Oakes and Berry, 2009). Similarly to the bursar at School A, there is evidence of a shift in behavioural response over time. The positive comments about conversion to academy status were made in the second of two interviews with CF. Whether the variations are indicative of a gradual shift in the bursar's behavioural response is arguable, since they may reflect change that is more rapid. A longitudinal assessment of CF's behavioural response is problematic as the duration of the study mitigates the extent to which the change can be linked to particular accounting disturbances.

The expressions of doubt that characterize instrumental colonization – dialogic compliance can be seen in the bursar's concern about the symptoms of the Habermasian pathology of disintegration. Aspects of instrumental colonization – devious compliance are apparent in expressions of support for conversion to academy status: this behavioural response is characterized by the voicing of such support for accounting disturbances without an associated change to interpretative schemes. It is possible that the bursar's supportive comments may reflect aspects of real obedience, but the balance of the evidence from CF suggests otherwise. Real obedience involves changes to interpretative schemes and these were not evident.

The third testable proposition that is considered in this study is that accounting disturbances of contrasting nature should result in different behavioural responses. The greater the severity of accounting disturbances, the greater the likelihood of mock obedience or real obedience. Both School B and School C are academies: the accounting disturbances to which they were subject were, in some respects, broadly similar. Both organizations were subject to the same funding system, financial reporting requirements and financial monitoring arrangements. However, the behavioural responses to these accounting disturbances are different. Coercive colonization – real obedience by the bursar and coercive colonization – mock obedience by the teachers are evident at School B, whilst instrumental colonization – dialogic compliance emerges at School C.

Differences between School B and School C arise due to several factors. Headteacher types are dissimilar: this was considered to be a more important determinant of behavioural responses

than the accounting disturbances themselves. Respondents at School C made multiple references to the headteacher and their attempt to address some of the accounting disturbances at the organization. Examples include '[the headteacher and CF] shield us from them [the accounting disturbances]' [CT2] and 'there are professionals here and the boundaries between them are strong' [CT3].

In contrast to the 'absorber-wheeler-dealer' and 'managerial entrepreneur' (Broadbent *et al.*, 1994) headteacher types at School B, the headteacher's approach at School C was like that at School A. The headteacher provided an 'initial butt of all environmental disturbances' (Broadbent and Laughlin, 1998, p. 417), a finding that is consistent with those of Broadbent *et al.* (1993), Broadbent *et al.* (1994), Broadbent, Laughlin and Willig-Atherton (1994) and Broadbent, Jacobs and Laughlin (2001). There is evidence of some of the organizational symptoms of anomie, alienation and instability at this field site, but the headteacher is not implicated in the emergence of these symptoms. Organizational symptoms are typically attributed to the introduction of new accounting software and the management board of the trust's role in its introduction.

The second important factor in the behavioural responses that emerge at School C is the existence of an absorbing group. The headteacher was part of an absorbing group at School C and was recognized to be part of attempts to protect the School from the effects of accounting disturbances (the headteacher and the bursar at School B amplified, rather than absorbed, the impact of accounting disturbances). However, the absorbing group at School C was less important than that at School A. A strong professional identity amongst teachers at School C guards against the Habermasian pathology of alienation and its organizational symptoms of an inability to check evidence and differentiation of expert cultures. An absorbing group can be seen to have contributed in this context, but is of less importance than at School A. The School's conversion to academy status and the resulting influence of the management board of the trust may also mitigate the effectiveness of the absorbing group at this field site.

Finally, whilst both School B and School C are subject to the similar accounting disturbances, these accounting disturbances per se do not appear to have had an immediate influence on the behavioural responses of organizational participants. Behavioural responses were affected more by the way in which accounting disturbances were managed within the School, rather than the relational or transactional nature of the disturbances themselves.

Oakes and Berry (2009) assert that a sensitivity to the possibility that behavioural responses can evolve over time must be maintained. Such sensitivity is seen to be of importance given the potential for changes to interpretative schemes to be slow and gradual (Oakes and Berry, 2009). It

is possible that there may be a shift in the extent of the overlap between real obedience and the dialogic compliance that is observed at School C.

Notwithstanding their shared status as academy schools, the contexts in which School B and School C are situated is very different. Academic and financial performance at School C was robust prior to conversion and remained so throughout the period of the study. If behavioural responses to accounting disturbances can arise because of a process that is slow and gradual, it is also possible for them to develop due to the incremental effect of multiple disturbances that may, in isolation, appear to be relatively small in magnitude. The introduction of new accounting software and the impact of a management board did have effects at School C, but these were minimal; the extant circumstances into which further accounting disturbances are introduced may influence the relative impact of those new disturbances. It may be that the stable nature of School C mitigated the extent of the impact of these changes. If Oakes and Berry's (2009) argument that compliance by those subject to control may not be intentional is accepted, then it follows that other behavioural responses, including the dialogic compliance that dominates at School C, may also be unintentional.

Instrumental colonization – dialogic compliance is the most prevalent behavioural response at School C, with some indication of real obedience. There is some use of persuasion, incentivization and propaganda: these are typical of instrumental colonization. Like School A, context was important: behavioural responses were contingent on the perceived source of accounting disturbances. The introduction of new accounting software, the influence of the management board of the trust and the School's relationship with its main funding provider were important in this respect.

The use of Oakes and Berry's (2009) developed framework requires a sensitivity to the ambiguity and subtlety of both forms of colonization and of the behavioural responses thereto.

Contradictions are apparent at School C and may be attributed to what Oakes and Berry (2009, p. 375) describe as an 'imperceptible taken for granted exchange of ideas'. There is evidence of nuance and disparity in the perception of the role of an absorbing group, its relative success in dealing with accounting disturbances and the resultant effect of those disturbances on organizational micro-practices. Headteacher type and, to a lesser extent, an absorbing group, provide a context in which particular behavioural responses were able to develop at this field site.

Chapter nine

Discussion and conclusions

Introduction

The aim of this study is to contribute to the understanding of Habermasian accounting colonization and to critically evaluate its effects on the schools' sector. An outline of the role of accounting in the schools' sector is presented in chapter two; this provides a background to and foundation for the rest of the study. A review of the literature on the empirical study of Habermasian colonization follows in chapter three; a discussion of the theoretical perspective that is applied in the study is provided in chapter four.

The first chapter of findings presents an analysis of accounting's role in the formulation and implementation of policy in the schools' sector. Two further chapters of findings present a critical analysis of the impact of Habermasian accounting colonization on organizational micro-practices. A close engagement with Habermas's social ontology and the organizational symptoms of Habermasian colonization is applied to underpin an analysis of the impact of accounting. These chapters are framed by a close engagement with Habermas's social ontology and Oakes and Berry's (2009) developed model of accounting colonization, respectively.

Contributions to the literature on the empirical study of Habermasian accounting colonization are made via:

- (1) A focus on organizational micro-practices (Ezzamel, Robson and Stapleton, 2012; Masquefa, Gallhofer and Haslam, 2017) in the form of the organizational symptoms of accounting colonization (Forester, 1985; Kemp, 1985; Forester, 1993; Oakes and Oakes, 2016; Masquefa, Gallhofer and Haslam, 2017) and, inter alia, a closer alignment to Habermas's social ontology and Habermasian colonization theory than is applied in the extant literature on accounting colonization;
- (2) An application of Oakes and Berry's (2009) developed model of colonization, which permits a move beyond the dichotomy of coercion and resistance that pervades much of the existing research (*e.g.* Dent, 1991; Laughlin, 1991; Broadbent and Laughlin, 1997; Broadbent and Laughlin, 1999; Broadbent, Gill and Laughlin, 2008).

The purpose of this chapter is to reflect on the key findings and contributions of the study. This is developed in a manner that is more explicitly informed by the theoretical perspective that is presented in chapter four. An outline of this theoretical perspective is provided in this chapter by way of an introduction; context is developed via an overview of the role of accounting in the schools' sector. Each of the contributions to the empirical literature outlined above are discussed and used as a framework for the development of the chapter. It should be noted that these contributions to the understanding of Habermasian accounting colonization also support the comprehension of the role of accounting in the formulation and implementation of policy in the schools' sector. Other points that emerge from each chapter of findings are also examined: these include the influence of absorbing groups, the importance of headteacher type and the work of accounting professionals.

As emphasized by Ahrens and Chapman (2006, p. 826), recursive reflection is used to achieve an 'intertwined' understanding. Evidence of the nature of Habermasian colonization, the organizational symptoms of accounting colonization and the relationship between accounting disturbances and behavioural responses thereto reveals a number of subtle and nuanced issues. Interpretation and an exposition of the key contributions of this study are framed by the research objectives and informed by the three testable propositions that are established in the methodology chapter, namely, that:

- (1) Habermasian accounting colonization is a more complex phenomenon than that suggested by the distinction between coercion and resistance;
- (2) Contrasting accounting disturbances should lead to variations in the prevalence of the organizational symptoms of accounting colonization; and
- (3) Accounting disturbances of contrasting nature should cause different behavioural responses. The greater the severity of accounting disturbances, the greater the likelihood of mock obedience or real obedience (Oakes and Berry, 2009)

Habermasian colonization theory and Habermasian accounting colonization

The theoretical perspective that is applied in this thesis is drawn from Habermas's social ontology. As part of a broader social theory, this ontology rests on the supporting concepts of communicative action and instrumental action and the respective ontological components of lifeworld and system. A summary of each is provided in table 7:

Table 7 (repeated): Action orientation in social and non-social situations

Action situation	Action orientation	
	Oriented to reaching understanding	Oriented to achieving success
Social	Communicative action	Strategic action
Non-social	None	Instrumental action

Source: Author

Habermasian colonization occurs when systems ‘suppress’ (Habermas, 1987, p. 196) and cause a ‘technising’ (Habermas, 1987, p. 183) of the lifeworld. Systems come to possess what Finlayson (2005, p. 89) describes as a ‘block of quasi-natural reality... that escapes human control’.

Communicative action is undermined as the economic and political systems and their respective steering media assume dominance over the requirements of the lifeworld. Since the resources of the lifeworld depend on successful communicative action, these resources become depleted as communicative action is displaced by instrumental action. Steering media come to regulate interactions between social actors outside of systems. Rather than mediate resources from the lifeworld to the systems, steering media allow for the system imperatives to ‘turn back destructively upon the lifeworld’ (Habermas, 1984, p. 186) leading to a ‘bureaucratization and a monetarization of core areas of the lifeworld’ (Habermas, 1987, p. 364). Ultimately, Habermas (1987, p. 173) asserts that colonization causes ‘the lifeworld to shrink to a subsystem’.

Habermasian accounting colonization

Broadbent and Laughlin’s (2013) modified and translated framework of Habermasian colonization provides a practical tool for the study of accounting colonization in organizations. Specifically, this framework offers a translation of Habermasian colonization theory for use in accounting research. A discussion of Broadbent and Laughlin’s (2013) translation of Habermas’s social ontology is presented in chapter four and is summarized in Table 1:

Table 1 (repeated): Translation of Habermasian colonization theory for use in the study of accounting colonization

Habermasian theory	Broadbent and Laughlin (2013): modified and translated framework of accounting colonization
Habermasian colonization theory	Accounting colonization
Lifeworld	Organizational interpretative scheme
Steering media: regulative or constitutive	Design archetype (steering mechanisms): relational or transactional
Systems	Subsystems
Pathologies	Organizational symptoms (Forester, 1985; 1993; Kemp, 1985; Finlayson, 2005; Oakes and Berry, 2009; Thomassen, 2010; Innes and Booher, 2015; Oakes and Oakes, 2016)
Social actors	Organizational participants

Source: Broadbent and Laughlin (2013)

For Broadbent and Laughlin (2013, p. 239), accounting colonization arises as a result of ‘steering mechanisms being internalized in such a way that they compel change to the interpretative schemes of an organization’. This change is seen to be almost always forced: accounting colonization, in Broadbent and Laughlin’s (2013) modified framework, is a coercive process. Accounting colonization is therefore ‘likely to be subject to considerable resistance’ (Broadbent and Laughlin, 2013, p. 240) and be revolutionary rather than gradual.

The role of accounting in the schools’ sector

Reform of arrangements for the ownership, governance, management and funding of schools coalesces around the themes of market orientation, increasing financial autonomy and the use of formulae for funding allocations. Accounting has played an important role in this thematic triptych. Broadbent, Laughlin and Willig-Atherton’s (1994) conceptualization of private sphere and public sphere accounting is used to frame the discussion of these themes that is developed in chapter two. The policy trends of marketization, the shift in ‘financial power’ (Dixon, 1991, p. 48) from LEAs to schools and changes to funding mechanisms are reflected in a move from private sphere to public sphere accounting activities. The volume of both types of accounting has increased, but public sphere accounting activities have taken on relatively more importance. The qualitative difference between private and public sphere accounting is the use of the latter as a ‘tool of rhetoric’ and as a vehicle by which ‘a particular organisational reality’ (Broadbent,

Laughlin and Willig-Atherton, 1994, p. 261) can be presented. Costing, approaches to budgeting and budgetary control, funding arrangements and external financial reporting have all been used to expedite this rhetoric and representation of reality.

One of the contributions of this study is to support the comprehension of the role of accounting in the formulation and implementation of policy in the schools' sector. As argued by Malsch and Salterio (2016), field studies of the type used in this study provide an opportunity by which accounting research can be better connected to practice. A reflection on accounting's role in the schools' sector and the use of qualitative field studies as a domain (Ahrens and Chapman, 2006) provides a coherent means by which this research can be connected to practice.

It is acknowledged that accounting is not the sole mechanism in policy formulation and implementation in the schools' sector. Changes to curriculum, inspection and the use of 'league tables' are cited commonly as important factors in this context (Edwards *et al.*, 1995; Broadbent and Laughlin, 1998; Jones, 2003; Bente and Friestad, 2016; Kayas *et al.*, 2018). Accounting and accounting techniques have been conflated with these other methods of economic calculation. Ezzamel *et al.* (2007) see accounting techniques as part of, rather than distinct from, these other factors. Evidence from School B and School C provides support for these claims: Ofsted inspection is merged with accounting disturbances at both of these field sites alongside the demands imposed by the ESFA at School B.

On the focus on organizational micro-practices in the form of the organizational symptoms of accounting colonization and, inter alia, a closer alignment with Habermas's social ontology and Habermasian colonization theory than is applied in the extant literature on accounting colonization

The findings from the semi-structured interviews, as informed by the discussion of the role of accounting in chapter two and the analysis using Habermasian colonization theory in chapter six and chapter seven, increase the comprehension of the interrelationships between accounting disturbances and the organizational symptoms of accounting colonization. For Broadbent and Laughlin (2013), accounting disturbances provide the means by which steering mechanisms are internalized and lead to forced changes to interpretative schemes. These accounting disturbances, referred to by Broadbent, Laughlin and Read (1991, p. 9) as organizational 'pathways', 'kicks' or 'jolts', are accounting techniques that are used to mediate expectations within and between organizations. Broadbent and Laughlin (2013) categorize accounting disturbances as relational

(regulative in Habermas's social ontology) or transactional (for Habermas, constitutive). The latter reflect the instrumental reasoning of organizational subsystems: they are freedom-reducing, not readily understandable to organizational participants and have the scope to exert greater impact than their relational counterparts. As noted by Sharma and Lawrence (2015), they also constitute new forms of behaviour in themselves.

Each school was subject to different accounting disturbances. New approaches to budget setting were applied at all three field sites; School A and School C have both been affected by interactions with external organizations (for School A, an LEA and for School C, a management board of the trust); School B and School C share funding arrangements, regulatory systems and the need to prepare and publish financial statements as a result of their status as academy schools. However, School B was subject to an ESFA financial notice to improve. The requirements of this financial notice to improve reflect Broadbent and Laughlin's (2013) concept of transactional (for Habermas, 1987, constitutive) steering mechanisms. School B is required to achieve a balanced operating budget by 2019/20; failure to comply with the financial notice to improve and to implement the financial recovery plan could, at least in principle, result in withdrawal of the school's funding agreement with central government. Table 10 provides a summary of the characteristics of each school and the accounting disturbances to which each was subject:

Table 10 (repeated): Characteristics of schools as at 1 April 2017

School	Type of school	No. of pupils (2017)	Ofsted rating ⁵¹	Ownership, governance and management	Funding	Accounting disturbances
A	Community	729	3	LEA controlled	LEA	New approach to budget setting and budgetary control (LEA).
B	Sponsored academy	1,026	4	Academy	ESFA	New approach to budget setting and budgetary control (school); Receipt of a financial notice to improve by the ESFA ⁵² ; Requirement to prepare a financial recovery plan to achieve a balanced operating budget by 2019/20; and Preparation and publication of financial statements.
C	Converter academy	1,014	3	Multi-academy trust; governing body is accountable to a management board	ESFA	New approach to budget setting and budgetary control (school); New main accounting system and related software; and New governance framework following creation of a multi-academy trust.

Source: Author; Department for Education (2018b)

A summary of the impact of these accounting disturbances in terms of the Habermasian pathologies of accounting colonization is presented in Table 12:

⁵¹ 1 = Outstanding, 2 = Good, 3 = Requires Improvement, 4 = Inadequate.

⁵² Education and Skills Funding Agency: provider of funding to and (for academies) regulator of schools. Part of central government (the Department for Education).

Table 12 (repeated): Habermasian pathologies and organizational symptoms of accounting colonization at each field site

Habermasian pathology	Organizational symptom	School		
		A	B	C
Anomie	Inability to clarify intention	Partial: LEA	Yes	Partial: trust
	Obscured and unclear meaning	Partial: LEA	Yes	Partial: trust
Disintegration	Lack of role clarity	No	Partial	No
	Mystification	No	No	No
Alienation	Inability to check evidence	No	Yes	Partial: funding body
	Differentiation of expert cultures	No	Yes	Partial: funding body
Demoralization	Unilateral decision making	No	Yes	Partial: funding body, inspection
	Lack of democracy in decision making	No	Yes	No
	Passivity	Partial: LEA	No	No
Instability	Reification of process	Partial: LEA	Yes	Partial: inspection, trust
	Rupturing of tradition	No	Yes	No

Source: Author

Anomie

The organizational symptoms of an inability to clarify intention and of obscured and unclear meaning, being indicators of the Habermasian pathology of anomie, are apparent to some extent at all three field sites. However, these organizational symptoms are less manifest at School A and School C than at School B. All three teachers at School B expressed views that reflect this pathology; typically, these were attributed to the managerial approach of its headteacher.

One of the testable propositions considered in this study is that contrasting accounting disturbances should lead to variation in the prevalence of the organizational symptoms of accounting colonization. Ostensibly, the variation between Schools A and C and School B could be attributed to the relative severity of the accounting disturbances to which each institution was subject: the ESFA financial notice to improve and its consequences (both immediate and potential) at School B are more severe than the accounting disturbances at the other field sites. However, both of the organizational symptoms of anomie are also evident in views expressed by interviewees at School A, where the accounting disturbances are less intrusive than those at School C, but where a similar pattern of evidence is apparent. If the relative severity of accounting disturbances does influence the degree to which the organizational symptoms of Habermasian accounting colonization arise, then there should be less evidence of anomie at School A than at School C.

The source of an accounting disturbance, alongside its relative strength, appears to be important. Respondents at both School A and School C attributed the decrease in shared meanings and mutual understanding that reflect anomie to external organizations. Interactions with an LEA at School A and with the management board of the trust of which School C is a part (the management board of the trust were perceived to be external to the School, even though the organization was part of a multi-academy trust for which the management board was responsible) appear to drive the organizational symptoms of this pathology that did emerge. The work of absorbing groups and the influence of headteacher type were also recognized at both field sites as important protectors against the effects of this Habermasian pathology. Little anomie was attributed to interactions between organizational participants within each of these schools.

Disintegration

Negligible evidence of disintegration was found at either School A or School C, whilst some of the symptoms of this Habermasian pathology were evident at School B. The organizational symptoms of disintegration that did emerge at School C were, like those of anomie, attributed to this institution's status as part of a multi-academy trust and its relationship with the management board of this trust. Characterized by an erosion of social bonds, this pathology's organizational symptoms are a lack of role clarity and mystification. These symptoms reflect what Habermas (1987, p. 143) describes as 'a loss of motivation to participate'.

The confusion amongst teachers at School B regarding both the extent of BF's responsibilities and the way in which their own roles had been affected by accounting disturbances is, to some degree, indicative of a lack of role clarity. Role clarity amongst teachers (rather than their perception of the bursar's role) was clear: teachers understood the nature of their respective duties and responsibilities. There was less comprehension of the bursar's actions, the effect of these actions and the ways in which accounting disturbances had impacted on the day-to-day activity of teaching. This view is exemplified by statements like 'I don't really know where the boundaries are any more' [BT1] and 'they [the headteacher and the bursar] get involved in things that, really, shouldn't be anything to do with it [budgeting and budgetary control]' [BT2]. Still, there was limited evidence of the loss of motivation to participate suggested by Habermas (1987).

As noted in the literature, professionals can create the conditions in which the organizational symptoms of disintegration might manifest (Forester, 1985; Kemp, 1985; Forester, 1993; Innes and Booher, 2015; Oakes and Oakes, 2016). In much of this literature, deliberate manipulation of information and obfuscation of process are observed in findings from the town and country planning sector. Alongside evidence that accounting disturbances and headteacher approach at School B were used as part of an intentional attempt to change the organization's interpretative scheme, there are parallels between the assertions made by Forester (1985; 1993), Kemp (1985), Innes and Booher (2015) and Oakes and Oakes (2016) and evidence from this field site. Consistency with the literature on the empirical study of Habermasian accounting colonization (e.g. Broadbent *et al.*, 1993; Broadbent *et al.*, 1994; Broadbent and Laughlin, 1998) can also be found in the importance of the role of headteachers and the use of accounting disturbances as part of deliberate attempts to colonize.

Alienation

Alienation, a Habermasian pathology that is typified by the organizational symptoms of an inability to check evidence and a differentiation of expert cultures, was apparent at School B and School C. There was greater evidence of the organizational symptoms of alienation at School B than at School C, and no evidence of this Habermasian pathology at School A. Given the relative strength of the accounting disturbances at each field site, this pattern of findings supports the testable proposition that different accounting disturbances should cause variation in the prevalence of the organizational symptoms of accounting colonization.

Evidence of the organizational symptoms of this Habermasian pathology at School C emerged in the context of this institution's relationship with its primary funding body. Inter-organizational rather than intra-organizational interactions drove an inability to check evidence. Similar findings were not revealed at School A. Given the consistency of the funding methodologies that are used for both LEA schools (such as School A) and academies (such as School C) within each LEA (see chapter two for an explanation), this suggests that other factors have influenced the degree to which alienation has manifested at each field site. As noted by both Broadbent (2011) and Agyemang (2009, p. 763), differences in the precise form of 'steering' by a principal funding body may be important in this sense. The relative distance between a funding organization and a service provider affects the power relations between those institutions (Agyemang, 2010; Agyemang and Ryan, 2013): the relative proximity of School A to its LEA compared to School C and the ESFA may have mitigated the impact of any alienation.

Some of the organizational symptoms of alienation at School C were also attributed to the introduction of a new main accounting system and related software at this field site. Interviewees reported that this had led to increases in the inability to check evidence and in the use of what Broadbent, Laughlin and Willig-Atherton (1994, p. 274) describe as 'financial language'. Notably, the introduction of this new main accounting system was associated with the School's status as part of a multi-academy trust; the management board of this trust was seen as the driver of the selection and implementation of the new software.

The approach applied by headteachers appears to be important in the development of alienation. As with the Habermasian pathology of disintegration, the headteacher at School B was implicated in the emergence of an inability to check evidence and a differentiation of expert cultures at this field site. Conversely, the role of the headteacher at School A and the wider work of an absorbing group was viewed to be important in guarding against the increase in feelings of helplessness and lack of belonging that are indicators of this pathology. Similar efforts by an absorbing group (Broadbent *et al.*, 1994) mitigated the degree of alienation at School C. At all three schools, the approach applied by headteachers and, to some degree, the influence of an absorbing group were of greater importance in alienation than the accounting disturbances themselves.

Demoralization

Similarly to the Habermasian pathology of anomie, the organizational symptoms of demoralization emerge at all three institutions, but the unilateral decision making, lack of

democracy in decision making and passivity that are symptomatic of this pathology were less prevalent at School A and School C than at School B. Unilateral decision making was particularly apparent at School B. All the interviewees at this field site acknowledged that this was a feature of interactions between organizational participants at this institution. BF's justification of this approach to decision making was framed by the school's poor financial performance and the demands of the ESFA financial notice to improve. This supports the testable proposition that accounting disturbances of differing severity should lead to differences in the relative degree of the organizational symptoms of accounting colonization.

As with the organizational symptoms of anomie, disintegration and alienation, headteacher type was seen as a key factor in demoralization at School B. The use of budgeting and budgetary control, alongside repeated references to the threat of redundancies, were perceived to be part of the headteacher's 'power trip' [BT2, BT3]. Accounting disturbances were viewed as a medium by which the desired impact of the headteacher could be applied. Whilst accounting disturbances do influence the nature and extent of the organizational symptoms of accounting colonization, they do not appear to be their sole determinant.

Further parallels with the literature (*e.g.* Kayas *et al.*, 2018) can be found in the attribution of the limited demoralization that manifested at both School A and School C to external relationships. At School A, some unilateral decision making was evident in this institution's interaction with its LEA; at School C, this organizational symptom was also apparent and was framed by relationships with the ESFA (by the bursar) and by the requirements of inspection (by teachers). Agyemang (2010) and Agyemang and Ryan's (2013) findings on steering control and power relations in funding relationships are germane to this finding.

Instability

Inter-organizational relationships are also prominent in the pattern of the symptoms of the Habermasian pathology of instability. Relationships with its LEA at School A, particularly in the context of its budget surplus, were considered to underlie some reification of process at this field site. At School C, reification of process was apparent in relationships with Ofsted and the management board of the trust, respectively. Aspects of this reification were apparent at School A and were observed in the context of the budget surplus held by this organization. As in the Habermasian pathologies of anomie and alienation, an absorbing group and headteacher type were important in helping to prevent further reification of process at each of these field sites.

Stafford and Stapleton (2016) note how a diminution in the role of LEAs has led to some deterioration in relationships between academy schools and the organizations charged with the financial monitoring of these institutions: this is consistent with findings at School C. Others have highlighted that the precise effects of arrangements for the ownership, governance and management of organizations, such as schools that are part of multi-academy trusts, has yet to be determined (Broadbent, 2011; Agyemang and Ryan, 2013; Stafford and Stapleton, 2016). Conflation of accounting disturbances with inspection, as observed at School C, is also consistent with the wider literature on accounting's role in the schools' sector (*e.g.* Edwards, Ezzamel and Robson, 2005; Ezzamel *et al.*, 2007; Ezzamel, Robson and Stapleton, 2012).

Contrasts between evidence from these field sites and that at School B, like the organizational symptoms of the other Habermasian pathologies, could be attributed to the relative severity of the accounting disturbances at each organization: different accounting disturbances do appear to have led to differences in the preponderance of the organizational symptoms of accounting colonization. Both a reification of process and a rupturing of tradition (being the other organizational symptom of instability) are apparent at School B. Both were attributed to poor financial performance, the resulting ESFA financial notice to improve and consequential changes to budgeting and budgetary control.

As with the organizational symptoms of disintegration, alienation and demoralization, the role of the headteacher at this field site was considered to be crucial. Moreover, and as with the Habermasian pathologies of disintegration and demoralization, the bursar at School B justified the use of these accounting disturbances using the School's poor financial performance and the ESFA financial notice to improve. Teachers at this field site considered such justification to be disingenuous: accounting disturbances were a concomitant of headteacher type and, as noted by Broadbent *et al.* (1994), seen as a part of a deliberate attempt to colonize.

On the application of Oakes and Berry's (2009) developed model of accounting colonization and a move beyond the dichotomy of coercion and resistance

The third testable proposition considered in this study is that different accounting disturbances should result in different behavioural responses; the greater the severity of accounting disturbances, the greater the likelihood of mock obedience or real obedience. Table 10, which includes the characteristics of the field sites and the accounting disturbances at each, is restated here:

Table 10 (repeated): Characteristics of schools as at 1 April 2017

School	Type of school	No. of pupils (2017)	Ofsted rating ⁵³	Ownership, governance and management	Funding	Accounting disturbances
A	Community	729	3	LEA controlled	LEA	New approach to budget setting and budgetary control (LEA).
B	Sponsored academy	1,026	4	Academy	ESFA	New approach to budget setting and budgetary control (school); Receipt of a financial notice to improve by the ESFA ⁵⁴ ; Requirement to prepare a financial recovery plan to achieve a balanced operating budget by 2019/20; and Preparation and publication of financial statements.
C	Converter academy	1,014	3	Multi-academy trust; governing body is accountable to a management board	ESFA	New approach to budget setting and budgetary control (school); New main accounting system and related software; and New governance framework following creation of a multi-academy trust.

Source: Author; Department for Education (2018b)

⁵³ 1 = Outstanding, 2 = Good, 3 = Requires Improvement, 4 = Inadequate.

⁵⁴ Education and Skills Funding Agency: provider of funding to and (for academies) regulator of schools. Part of central government (the Department for Education).

In terms of the accounting disturbances at each organization, new approaches to budget setting and budgetary control were applied at all three schools. Inter-organizational relationships with its LEA (at School A) and the management board of the trust of which it is a part (at School C) also had an influence on these institutions. Notwithstanding its status as part of a multi-academy trust, School C shared the same arrangements for ownership, governance, management and funding as School B. Poor financial performance at School B led to the issue of a financial notice to improve by the ESFA: the School must comply with the requirements of this financial notice to improve (see chapter seven for an explanation). An outline of the form of colonization that resulted and the responses that emerged at each field site, as informed by Oakes and Berry's (2009) developed model of colonization and behavioural responses to accounting disturbances, is provided in Table 13.

Table 13 (repeated): Behavioural responses to accounting disturbances at each field site

School	Form of colonization	Behavioural responses	
		Bursar	Teachers
A	Instrumental	Devious compliance, with some real obedience	Dialogic compliance
B	Coercive	Real obedience	Mock obedience
C	Instrumental	Dialogic compliance	Dialogic compliance

Source: Author

Forms of colonization

Instrumental colonization was evident at School A and at School C. Oakes and Berry (2009) suggest that this form of colonization is driven using persuasion and incentivization. Persuasion and incentivization were found at both field sites, with propaganda also evident at School C.

Interviewees at School A perceived the introduction of new approaches to budgeting and budgetary control to be the principal accounting disturbances at this organization. However, interviewees' consistent framing of their responses with interactions with the School's LEA indicate a similar finding to that regarding the organizational symptoms of Habermasian accounting colonization: the source of an accounting disturbance, alongside its relative strength,

appears to be an important determinant of behavioural response as well as of the prevalence of the organizational symptoms of accounting colonization. The surplus budget balance at School A and the LEA's concern at the size of this balance is also implicated in the use of accounting disturbances at this field site. Interviewees see aspects of the LEA's use of persuasion and incentivization as an attempt to reduce the size of this balance. If different accounting disturbances do lead to variations in behavioural responses, then the source of those accounting disturbances appears to be of greater importance than the particular accounting techniques themselves. This resonates with work by Tooley and Guthrie (2007), Broadbent (2011) and Campanale and Cinquini (2016).

Similarity between findings at School A and School C can be found in repeated references to budgeting and budgetary control as the principal accounting disturbance to which each organization was subject. Further similarity is apparent in the way that behavioural responses were expressed in the context of external relationships. For interviewees at School C, the School's relationship with the management board of the trust and the demands of inspection reveal a subtlety in the process by which instrumental colonization emerged. Ostensibly, instrumental colonization could be seen to have arisen due to the impact of a new approach to budgeting and budgetary control and the introduction of a new main accounting system and related software.

Relation to Dillard and Bricker (1992), Dillard and Yuthas (2006) and Masquefa, Gallhofer and Haslam (2017) can be made in terms of the effect of new accounting software at School C. Respondents also referred to an increased use of what Broadbent, Laughlin and Willig-Atherton (1994, p. 274) term 'financial language' due to this software. Exploration and analysis of the factors that underpinned the introduction of the new main accounting system at School C revealed the use of persuasion and incentivization by the management board of the trust. The association of this new software with what was perceived to be an external entity, rather than the accounting disturbance itself, reflects Oakes and Berry's (2009) concept of instrumental colonization. Parallels can also be found with Campanale and Cinquini's (2016) view of the relative strength of accounting disturbances that originate from outside, rather than inside, an organization.

As discussed in relation to Habermas's pathologies and, in particular, the organizational symptoms of instability, accounting disturbances at School C were conflated with inspection. The perception of accounting as synonymous with other types of disturbance reflects research by Oakes and Oakes (2016). Discourse about inspection and the broader application of performance management is important as a setting in which accounting disturbances affect organizational

participants (Kayas *et al.*, 2018). As with the impact of the perceived source of an accounting disturbance, the way that accounting techniques were used as part of broader factors such as inspection was a contributor to the behavioural response that emerged.

Like the findings on the impact of accounting disturbances in terms of Habermas's pathologies and the organizational symptoms of Habermasian accounting colonization, a clear distinction can be made between the form of colonization at Schools A and C and that at School B: coercive colonization was manifest at School B. For Broadbent and Laughlin (2013), coercive colonization arises as a result of a rapid and forced implementation of accounting disturbances by a specialist work group: forced change to interpretative schemes is considered to be due to the persistent impact of accounting disturbances. A recognition of the scope for the 'relentless imposition' (Oakes and Berry, 2009, p. 373) of accounting disturbances in Oakes and Berry's (2009) developed model of accounting colonization points to an acknowledgement that accounting colonization can be forced.

As with both School A and School C, School B was subject to an accounting disturbance in the form of a new approach to budget setting and budgetary control. However, the additional effects of the ESFA financial notice to improve, the need to deliver a financial recovery plan and the requirement to achieve a balanced operating budget by 2019/20 are more severe accounting disturbances than those at the other organizations. Given the relative severity of the accounting disturbances, the development of a different form of colonization at School B compared to Schools A and C would appear to be axiomatic: this supports the testable proposition that different accounting disturbances should lead to different behavioural responses.

Consistent with the work of Dent (1991) and Masquefa, Gallhofer and Haslam (2017), the influence of constitutive-transactional design archetypes such as the ESFA financial notice to improve reflect means to an end reasoning and are freedom-reducing in nature. Stricter financial controls were applied to School B, including closer financial monitoring by the ESFA and the need to obtain external approval for transactions that would otherwise be subject to delegated control. Like the evidence in the context of Habermas's pathologies and the organizational symptoms of Habermasian accounting colonization, the form of colonization at School B is partly contingent on the source of the accounting disturbance.

Returning to Broadbent and Laughlin's (2013) conceptualization of transactional design archetypes and the findings of studies such as Tooley and Guthrie (2007), Campanale and Cinquini (2016) and Masquefa, Gallhofer and Haslam (2017), the external source of an accounting disturbance and the quasi-transactional nature of the financial notice to improve (the School's

funding agreement with the ESFA is contingent on compliance with the financial notice) mean that this accounting disturbance was likely to have a greater impact on organizational participants. It should also cause a different form of colonization than the relatively less severe accounting disturbances at School A and School C: again, this supports the testable proposition that different accounting disturbances should result in different behavioural responses.

The coercive colonization that emerged at School B was not solely determined by the effect of accounting disturbances from outside the organization. As discussed in chapter eight, the headteacher's approach at this field site was considered to have amplified the impact of accounting disturbances. The bursar at this organization used the School's poor financial performance to justify the way in which the headteacher used techniques such as budgeting and budgetary control. School B appears to be one of Broadbent *et al's* (1994) outliers: accounting disturbances have been used intentionally as part of deliberate attempts to colonize. Teachers at this field site considered that accounting techniques such as budgeting and budgetary control had been used as part of purposeful efforts to secure changes to interpretative schemes.

Nevertheless, and similarly to the organizational symptoms of disintegration, alienation and demoralization, headteacher type was seen as crucial. Accounting disturbances were a vehicle by which the headteacher's approach could be applied, rather than a direct means of securing a change to interpretative schemes.

Behavioural responses to accounting disturbances

Oakes and Berry (2009) argue that instrumental colonization such as that observed at School A and School C gives rise to the behavioural responses of either devious compliance or dialogic compliance. Devious compliance is characterized by expressions of support for an accounting disturbance without commensurate change to interpretative schemes; in contrast, dialogic compliance involves change to interpretative schemes, but 'doubts surface periodically' (Oakes and Berry, 2009, p. 373). The empirical application of Oakes and Berry's (2009) developed model in this study provides support for this assertion: dialogic compliance emerges as the dominant behavioural response at each of these field sites. Teachers at both organizations and the bursar at School C expressed views that were consistent with Oakes and Berry's (2009) representation of dialogic compliance: all demonstrated some change to interpretative schemes but with expressions of doubt regarding the impact of accounting disturbances. Examples at School A include the sense of a resigned acceptance of the role and effect of accounting, particularly in the organization's interactions with its LEA. This sense of acceptance also reflects some aspects of

Agyemang (2009): accounting has been used as part of a nuanced form of 'steering' (Agyemang, 2009, p. 763) control by LEAs.

Like the dialogic compliance at School A, the behavioural response that manifested at School C was largely contingent on external relationships. Interactions with the management board of the multi-academy trust of which School C is a part and the requirements of inspection framed much of the findings from this field site. As with the evidence regarding Habermas's pathologies and the organizational symptoms of accounting colonization, the source of an accounting disturbance was fundamental to the dialogic compliance that emerged at this School. Studies by Campanale and Cinquini (2016) and Oakes and Oakes (2016) report similar findings. For example, Campanale and Cinquini (2016) highlight how the degree of pressure exerted by government influenced the behavioural response of different organizational participants: where greater pressure is exerted by an external party, changes to interpretative schemes are more likely.

Whilst dialogic compliance is the leading behavioural response at both School A and School C, there are caveats to this categorization. The subtle and ambiguous nature of behavioural responses to accounting disturbances and Oakes and Berry's (2009, p. 374) acknowledgement of the 'shades of ideological change and belief' in behavioural responses are evident at School A. The bursar at this field site had, in some respects, a different behavioural response to accounting disturbances than the other interviewees. Aspects of devious compliance are apparent in AF's comments, particularly the voicing of support for and enactment of instructions that arise from those accounting disturbances. Positivity regarding the impact of accounting disturbances contradicts the periodic doubts that are characteristic of Oakes and Berry's (2009) concept of dialogic compliance.

Oakes and Berry (2009) contend that the coercive colonization of the type observed at School B is considered to lead to either mock obedience or real obedience: the former is typified by compliance with accounting disturbances without change to interpretative schemes, whereas real obedience involves compliance with commensurate change to interpretative schemes (Oakes and Berry, 2009). Mock obedience was the prevailing behavioural response at School B; the contrast between this response and those observed at School A and School C reflects a similar pattern to that in respect of Habermas's pathologies and the organizational symptoms of accounting colonization. Organizational participants at School B were subject to more intrusive accounting disturbances than those at the other institutions. The emergence of a different behavioural response due to accounting disturbances of relatively greater severity offers further support for the testable proposition that different accounting disturbances should cause variations in

behavioural responses; the greater the severity of accounting disturbances, the greater the likelihood of mock obedience or real obedience.

Synthesis with the work of Oakes and Berry (2009) supports the view that accounting disturbances of differing nature should result in different behavioural responses. School B's exposure to an ESFA financial notice to improve, the need to prepare a financial recovery plan and to achieve a balanced operating budget by 2019/20 are more coercive in nature than the persuasion and incentivization at School A and (alongside some use of propaganda) School C. Teachers at School B exhibit compliance with accounting disturbances but without the change to interpretative schemes that reflects Oakes and Berry's (2009) concept of real obedience.

Teachers at School B also perceived that accounting disturbances were used to deliberately compel change to the organization and that this change has had a negative influence on the School. As in research by Tooley and Guthrie (2007), Ezzamel *et al* (2007) and Ezzamel, Robson and Stapleton (2012), the use of accounting in this way is seen to be a result of attempts to engender 'business methods and rationales' (Ezzamel, Robson and Stapleton, 2012, p. 296) that are anathema to much of the professional logic of teaching. In this literature, accounting disturbances and the nature of their implementation are perceived in negative contexts. As such, the mock obedience at School B is unsurprising. Mock obedience is characterized by a lack of change to interpretative schemes; at School B, the professional logic of teaching was used as a barrier to guard against the perceived negative impact of accounting disturbances. This is consistent with Ezzamel, Robson and Stapleton (2012) and Anessi-Pessina and Cantu (2017).

Similarly to the findings at School A, there were differences in the behavioural responses of organizational participants at School B. The bursar at this field site was supportive of the effects of accounting disturbances and the impact of headteacher type. There was also evidence of real obedience in the form of BF's compliance with and commitment to the accounting disturbances at this organization. Notions of headteacher type and accounting disturbances being necessary to address the poor financial performance of this school and to 'save' jobs existed. There was also a conflation of accounting disturbances with the approach adopted by the headteacher. As with the way that accounting disturbances were conflated with inspection at School C, the bursar at School B perceived accounting to be part of the application of a broader attempt to secure organizational change, rather than as the sole driver of that change. All of the interviewees at School B saw the influence of headteacher type as more important (be it in a positive or negative sense) than the accounting disturbances themselves.

Broadbent and Laughlin's (2013) view of rapid change to interpretative schemes may manifest at School B. It is possible that the real obedience of the bursar at this field site is a result of the accounting disturbances to which they have been exposed whilst working in this organization: BF was appointed in 2015. However, this individual had worked in the schools' sector since 1998. As such, it is also possible that their behavioural response to the combination of the new approach to budget setting and budgetary control, the ESFA financial notice to improve, the need to secure a balanced operating budget and to publish financial statements may have been influenced by previous exposure to other accounting disturbances. Real obedience may arise due to the cumulative effect of exposure to multiple accounting disturbances rather than be of the revolutionary form posited by Broadbent and Laughlin (2013).

Ambiguous behavioural responses

As noted earlier in this chapter, Oakes and Berry's (2009) recognition of the ambiguous nature of behavioural responses to accounting disturbances was reflected in the different behaviours evinced by teachers and the bursar at School A. Consistent with the work of Sharma and Lawrence (2015), Campanale and Cinquini (2016), Oakes and Oakes (2016) and Masquefa, Gallhofer and Haslam (2017) on the complexity of accounting colonization, the 'shades of ideological change and belief' (Oakes and Berry, 2009, p. 374) emerged at this field site. This suggests that there is scope for different interpretative schemes to coexist in the same organization. Differences in behavioural responses by organizational participants at School A were such that the same accounting disturbances can be seen to have engendered different organizational micro-practices.

The bursar at School A was broadly supportive of the accounting disturbances used by this organization's LEA. Teachers at School A were critical of the impact of these accounting disturbances; they also saw the LEA's use of persuasion and incentivization as having a negative impact. This perception differs from views expressed by the bursar at this field site, who was broadly supportive of the accounting disturbances and their application. Like the way in which the bursar at School B has been exposed to accounting disturbances since they began working in the schools' sector in 1998, it may be that AF's cumulative experience has led to their response of deviant compliance, with some real obedience. It may also be that the more immediate effect of the LEA's use of persuasion and incentives has resulted in this response. Irrespective, the existence of different behavioural responses and interpretative schemes in the same organization provides support for Oakes and Berry (2009), Sharma and Lawrence (2015) and Oakes and Oakes (2016).

Similar ambiguity was apparent at School B. Whilst mock obedience was the dominant behavioural response at this field site, BF's behaviour was more reflective of real obedience. The bursar at School B was supportive of the impact of accounting disturbances and, moreover, of the way that the headteacher used these accounting disturbances to apply their approach to managing the organization. In contrast, the teachers at School B were critical of the deliberate use of accounting disturbances and of their impact. The intentional or otherwise use of accounting disturbances was not BF's primary concern: the need to secure a change to interpretative schemes as part of the headteacher's attempt to address the School's poor financial performance was their priority. This is consistent with the work of Forester (1985; 1993), Kemp (1985) and Oakes and Oakes (2016). Again, this provides support for the view that different interpretative schemes can exist in the same organization and that the same accounting disturbances may lead to different behavioural responses.

Contradictory views amongst teachers at School C provide further indications of the ambiguous nature of Oakes and Berry's (2009) behavioural responses. Some features of real obedience were expressed by one of the teachers at this field site, whilst the behavioural responses of the other teachers at this organization were more representative of dialogic compliance. Oakes and Berry's (2009) concept of real obedience is characterized by compliance with accounting disturbances with commensurate change to interpretative schemes; dialogic compliance also involves changes to interpretative schemes, but with the expression of reservations about the impact of accounting.

Gradual and subtle change to behavioural responses

Evidence from all three field sites supports Oakes and Berry's (2009) assertion that behavioural responses to accounting disturbances can be both subtle and subject to change over time: this is consistent with research by Sharma and Lawrence (2015), Oakes and Oakes (2016) and Masquefa, Gallhofer and Haslam (2017). Oakes and Berry's (2009) view, findings from the literature and the evidence from this study indicate that changes to interpretative schemes as a result of accounting disturbances need not always be of the rapid nature suggested in Broadbent and Laughlin (2013). Behavioural responses, including changes to interpretative schemes, can be subtle and can develop over time.

One of the teachers at School A became less critical of the influence of accounting disturbances as the study progressed. This teacher shared the resigned acceptance of the effect of accounting

disturbances that was expressed by the other teachers at this field site, but came to view this with less negativity. As discussed earlier in this chapter and as in the evidence of the organizational symptoms of accounting colonization, the perceived source of accounting disturbances was a key factor in this change: more negativity was articulated in the context of the School's relationship with its LEA, rather than the way that accounting was used in interactions between organizational participants within the institution.

The second of the two interviews with the bursar at School A also revealed increased support for some of the accounting disturbances. Some criticism was evinced in the first meeting with this interviewee; this contrasts with the comments made in and the general tone of the second interview, which were largely positive. This may be evidence of a gradual and subtle change to AF's interpretative scheme; alternatively, it may reflect a quick change as a result of the impact of accounting disturbances. As noted in chapter eight, a longitudinal assessment of shifts in behavioural responses is problematic due to the duration of the study. A discussion of this and other limitations is developed later in this chapter.

Like the pattern of other findings in this study, similar indications of gradual and subtle changes to behavioural responses at School A can also be detected at School C. One of the teachers did not share the views of the other teachers at this field site. Aspects of real obedience were apparent in the behavioural response of CT1: this teacher had recently completed teacher training and their post at School C was their first since qualification. Consistent with the work of Broadbent (1992), Sharma and Lawrence (2015) and Campanale and Cinquini (2016), there is scope for multiple interpretative schemes to coexist in the same organization. Equally, and given the evidence of the way in which behavioural responses can shift over time, this teacher's behavioural response may change to one that is more closely aligned to that of the other teachers at School C.

Power (1991) believes that professional education and training may be implicated in Habermasian colonization; there is also evidence that the way in which accounting is taught may affect views of the purpose and use of accounting techniques (Gallhofer *et al.*, 1996; Thomson and Bebbington, 2004; Lehman, 2013b). Behavioural responses to accounting disturbances may also be affected by the proximity of exposure to influences such as professional education. The relative propinquity of CT1's professional training may have affected their perception of accounting and of the impact of accounting disturbances. Again, this raises the possibility that changes to these perceptions might emerge in a manner that is gradual and subtle. Accounting colonization might not arise solely due to the rapid and forced change to interpretative schemes that is noted by Broadbent and Laughlin (2013).

Unlike the increased positivity of the bursar at School A, CF's view of the accounting disturbances at School C became less positive across the duration of the study. In particular, the bursar at School C's faith in the absorbing group at this field site decreased over time: conversion to academy status and the associated negative influence exerted by the management board of the trust of which this school is a member were implicated in this reduced faith. CF also expressed increased support for elements of the accounting disturbances and broader organizational change at School C in their second interview. Shifting perspectives of the type evinced by the bursar at School C suggest that behavioural responses to accounting disturbances may take time to crystallize and might, as argued by Oakes and Berry (2009), be subject to gradual and nuanced development over time.

Interviewees at School C were unclear as to the purpose of the new accounting software and the role of the management board of the trust at this field site. This lack of clarity may have led to the vacillating nature of behavioural responses at this School. As argued by Oakes and Berry (2009), the intentions of controllers regarding accounting disturbances may be neither clear nor homogenous; this appears to have affected the behavioural responses of organizational participants at this field site. Variation in behavioural response and changes to those responses may be attributed to this lack of clarity. Parallels with this finding can be found in studies by Sharma and Lawrence (2015), Campanale and Cinquini (2016) and Masquefa, Gallhofer and Haslam (2017): all point to the need to consider the importance of organizational communication networks, the rate of change and the location of change agents in accounting colonization.

There is relatively less evidence of gradual and subtle change to behavioural responses at School B. At this field site, the scope for different interpretative schemes to exist in the same organization that is highlighted by Broadbent (1992), Sharma and Lawrence (2015) and Campanale and Cinquini (2016) is manifest in the different behavioural responses exhibited by the bursar (real obedience) and by teachers (mock obedience). Unlike the developments at School A and School C, these behavioural responses were very much fixed across the duration of the study. As discussed in the context of the behavioural responses that emerged at each field site, it is possible that the real obedience of the bursar at School B is a direct and immediate consequence of the accounting disturbances at this organization: Broadbent and Laughlin's (2013) rapid change may be apparent. It is also possible that the cumulative impact of BF's professional background in the schools' sector influenced their behavioural response to the accounting disturbances to which this School was subject.

Other findings (1): the influence of absorbing groups

Like the evidence in elements of the literature on Habermasian accounting colonization (e.g. Broadbent, Laughlin and Willig-Atherton, 1994; Broadbent, Jacobs and Laughlin, 2001; Broadbent and Laughlin, 2013), absorbing groups can be used to offer protection from the effects of accounting disturbances. Reorientation through absorption (alongside coercive colonization) is the most common of Broadbent and Laughlin's (2013) behavioural responses to accounting disturbances. Specialist work groups can be used as part of attempts to 'deal with the unwanted anxiety-generating... accounting control disturbance' (Broadbent and Laughlin, 2013, p. 216).

The pattern of findings in respect of absorbing groups is similar to that of the organizational symptoms of colonization and Oakes and Berry's (2009) behavioural responses to accounting disturbances: similarities were observed between School A and School C, with markedly different evidence at School B. Specialist work groups at School A and at School C were considered to help to fulfil the role identified by Broadbent and Laughlin (2013). Efforts by an absorbing group (Broadbent *et al.*, 1994) were applied to both the organizational symptoms of Habermasian colonization and the behavioural responses to accounting disturbances at both School A and School C. In contrast, the absorbing group at School B was perceived to have played a role in purposeful attempts to colonize the organization.

Like the nuanced nature of behavioural responses to accounting disturbances that were observed in this study, there are also subtle differences in views regarding the specialist work groups at School A and School C. Less confidence was expressed in the work of the absorbing group at School C than at School A: the bursar at School C attributed this relative lack of faith to the organization's status as part of a multi-academy trust. The management board of this trust were considered to be external to the School. Consistent with studies by Masquefa, Gallhofer and Haslam (2017) the location of change agents appears to be of importance in the impact of accounting disturbances. As with Broadbent and Laughlin's (1998) typology of specialist work groups, the severity of accounting disturbances appears to have affected the perceived ability of an absorbing group to deal with the influence of those disturbances. As discussed in chapter seven and similarly to work by Ezzamel, Robson and Stapleton (2012), the professional identity of teachers at this field site was seen as offering greater protective potential than the work of an absorbing group.

Differences in the role of absorbing groups suggest that Broadbent and Laughlin's (1998) typology of these groups could be extended; factors other than the nature of an accounting disturbance and the intentions of an absorbing group can influence the success or otherwise of absorption.

Like the finding regarding the opportunity for behavioural responses to accounting disturbances to emerge due to the incremental effect of exposure to multiple impacts, this suggests that the cumulative effect of accounting disturbances might be a factor in the changing nature of absorbing groups noted by Broadbent and Laughlin (1998) and Broadbent and Laughlin (2013). It also supports the assertion that colonization can be gradual and nuanced (Oakes and Berry, 2009) rather than always rapid and forced (Broadbent and Laughlin, 2013).

Unlike School A and School C, the specialist work group at School B was viewed by teachers to have amplified, rather than absorbed, the impact of accounting disturbances; this is consistent with the work of Broadbent and Laughlin (1998). Accounting disturbances at this field site were more severe than at the other schools. Per Broadbent and Laughlin's (1998) typology, very intrusive accounting disturbances can be impossible to absorb. Further consistency with the work of Broadbent and Laughlin (1998) is apparent in what are described as the 'colonizing intentions' (Broadbent and Laughlin, 1998, p. 409) of an absorbing group. Teachers at School B saw accounting disturbances as part of a broader and deliberate strategy to enforce organizational change. The bursar at this field site justified the use of accounting in this way in terms of the School's poor financial performance, the primacy of the decision-making requirements of the headteacher and the need to protect against job losses.

Other findings (2): the importance of headteacher type

Headteacher type (Broadbent *et al.*, 1994) affected the extent to which the organizational symptoms of Habermasian colonization and behavioural responses emerged at each field site. As detailed in research by Broadbent and Laughlin (1998) and Campanale and Cinquini (2016) (albeit in the context of heads of department in a healthcare setting), the approach adopted by headteachers is an important factor in the relationship between accounting, Habermasian pathologies and their organizational symptoms, and in behavioural responses to accounting disturbances. Indeed, evidence from School B suggests that headteacher approach is more important in accounting colonization than accounting disturbances themselves.

Since headteachers are typically involved in the specialist work groups that are created in schools (Broadbent *et al.*, 1993; Broadbent *et al.*, 1994) and play such an important role in these groups, it is perhaps not surprising that similar evidence emerges to that in respect of the influence of absorbing groups: the headteachers at School A and at School C were seen to be important in providing what Broadbent and Laughlin (1998, p. 417) view as an 'initial butt of... environmental

disturbances'. Organizational participants at each of these field sites supported the efforts of their respective headteachers in this context. There was also recognition amongst interviewees that attempts to absorb by headteachers were complicated by interactions with external organizations.

Like the evidence on the influence of specialist work groups, contrasts with School B were apparent. At School B, teachers considered that the elements of the 'absorber-wheeler dealer' and 'managerial entrepreneur' approaches (Broadbent *et al.*, 1994) exhibited by the headteacher at this field site enhanced rather than absorbed the impact of accounting disturbances. Teachers at School B saw the headteacher as an important factor in both the prevalence of the organizational symptoms of Habermasian colonization and in the behavioural responses to accounting disturbances at this school. The extent of the importance of the headteacher's approach was such that it was considered to be more disruptive than the accounting disturbances themselves; the latter were viewed as a concomitant of the headteacher's approach to managing the school.

Other findings (3): the role of accounting professionals

A third element emerges from the evidence that warrants further comment: accounting professionals (in this study, the word 'bursar' has been used to refer to employees in schools for whom financial management and accounting are key aspects of their job role) can play an important role in accounting colonization. If the nature of accounting and its impact are to be understood, then the role of those responsible for the implementation of policy and the application of accounting techniques needs to be considered.

Absorbing groups and headteacher type were found to influence the nature of Habermasian accounting colonization at each field site, but bursars also had an impact in this context. At School A and School C, teachers saw the work of accounting professionals as helping to address the 'kicks' and 'jolts' (Broadbent, Laughlin and Read, 1991, p. 9) of accounting disturbances. Examples include the acknowledgement by teachers at School A that the bursar at this field site (alongside the headteacher) helped to guard against some of the consequences of accounting disturbances. At School C, CF also considered that part of their role was to 'handle' accounting disturbances in order to protect the teachers in the organization. These perceptions are also evident in work by, for example, Ahrens, Ferry and Khalifa (2018).

As discussed above in the context of the ambiguous nature of behavioural responses and the evidence of gradual and subtle change thereto, there is potential for different interpretative schemes to coexist in the same organization. Alongside the different behavioural responses amongst the teachers at School C, contrasts between the behavioural responses of bursars and teachers were found at School A and School B. Consistent with the work of, for example, Forester (1985), Kemp (1985) and Ahrens, Ferry and Khalifa (2018), accounting professionals exhibited behavioural responses that were indicative of stronger forms of colonization than the teaching professionals at these Schools. AF perceived that fewer organizational symptoms of colonization manifested at School A; the bursar at School C also exhibited some features of real obedience, although this should be seen in the context of a dominant behavioural response of dialogic compliance.

Disparity of behavioural response was also evident at School B: BF's behaviour reflected real obedience, whereas mock obedience characterizes the behaviour of teachers at this field site. Relation to the work of Oakes and Oakes (2016) can be made in this respect. The bursar is part of a specialist work group that was perceived to amplify the effect of accounting disturbances; deliberate attempts to create the organizational symptoms of accounting colonization and to secure particular behavioural responses were found at School B. BF was also unequivocal in their opinion that the use of accounting was justified in terms of supporting the headteacher and 'saving' the organization. Further research is needed to determine if the deliberate use of accounting disturbances in this way is indeed an outlier (Broadbent *et al.*, 1994).

Limitations

Notwithstanding the contributions made to the knowledge of Habermasian accounting colonization and its impact, several limitations affect this study. These limitations coalesce around the broad issues of research method, research methodology and theoretical perspective.

Empirical detail is drawn from interview data collected at three secondary schools during a period from 2015 to 2017. Whilst this brought a degree of longitudinal perspective to the study, in-depth longitudinal analysis of the type called for by Humphrey and Miller (2012) may have provided an opportunity for greater understanding. If, as revealed in studies by Sharma and Lawrence (2015), Oakes and Oakes (2016) and Masquefa, Gallhofer and Haslam (2017), behavioural responses to accounting disturbances can be subject to gradual shifts over time rather than be of the rapid nature suggested by Broadbent and Laughlin (2013), an extended period of interviewing may have

allowed for the tracing and analysis of such changes. This might provide for the ‘capturing of the character of... relationships over time’ (Masquefa, Gallhofer and Haslam, 2017, p. 66) and a means by which accounting disturbances can be located ‘within broader shifts in the management of the economic and social relations’ in which they are applied (Humphrey and Miller, 2012, p. 317).

The use of semi-structured interviews as a source of empirical detail dominates the literature on Habermasian accounting colonization (*e.g.* Broadbent *et al.*, 1994; Broadbent and Laughlin, 1998; Oakes and Berry, 2009; Campanale and Cinquini, 2016; Oakes and Oakes, 2016). The organizational micro-practices that are the focus of this study require a focus on human action and interaction. As noted by Chua (1986) and Malsch and Salterio (2016), semi-structured interviews permit such focus; they are also consistent with the constructionist ontological position that was adopted in this study and, as such, underpin methodological coherence of the sort emphasized by Ahrens and Chapman (2006). Still, neither the popularity of semi-structured interviews nor their advantages in the study of organizational micro-practices should preclude the use of other research methods (Ahrens and Chapman, 2006). Alternatives include the ethnography deployed in Power’s (1991) study of Habermasian colonization in professional accounting education and Masquefa, Gallhofer and Haslam’s (2017) use of participant observation.

Alongside the scope for greater longitudinal analysis and the use of alternative research methods (Ahrens and Chapman, 2006), a reflection on broader methodological matters presents issues that should be considered in future studies. Qualitative approaches and particularly qualitative field studies (Ahrens and Chapman, 2006) dominate the literature on the empirical study of Habermasian accounting colonization (*e.g.* Broadbent *et al.*, 1994; Broadbent and Laughlin, 1998; Oakes and Berry, 2009; Campanale and Cinquini, 2016; Oakes and Oakes, 2016). The ontological assumption that ‘empirical reality is objective and external to the subject’ (Chua, 1986, p. 611) and that scientific methods can be used to study this reality lies at the heart of the criticism of such a methodology.

Ahrens and Chapman’s (2006) notion of qualitative field studies is also subject to limitations of external validity; a danger of over-description (Hartley, 1994); questions regarding the need to ensure the comparability and equivalence of the data that are collected from each field site (Blumberg, Cooper and Schindler, 2005; Bryman and Bell, 2007); the need to ensure that instruments of data collection do not undermine comparability, and; the need to ensure that data analysis is sensitive to cultural and social differences at each field site (Dyer and Wilkins, 1991).

The application of a methodology that reflects Ahrens and Chapman's (2006) conceptualization of a qualitative field study means that claims of external validity need not be made and, for this study, are not made. The context presented by Habermasian colonization theory, its role in framing domain, methodology, testable propositions and method and the 'back and forth questioning of interpretations' (Ahrens and Chapman, 2006, p. 833) mean that the findings of this study should not be generalized. Moreover, the contexts presented by the three field sites that are used in this study and the organizational participants within them mean that claims to external validity are, again, problematic. These difficulties are recognized by Malsch and Salterio (2016, p. 13) who acknowledge that 'since the findings of a qualitative study are specific to a particular environment(s) and individuals, it is almost impossible to demonstrate that the findings and conclusions are applicable in an exact similar way to other situations and populations'.

Nevertheless, the empirical literature on Habermasian accounting colonization is dominated by qualitative field studies (*e.g.* Broadbent and Laughlin, 1998; Broadbent, Jacobs and Laughlin, 2001; Oakes and Berry, 2009; Sharma and Lawrence, 2015; Oakes and Oakes, 2016). Qualitative field studies can also be used to avoid what Ahrens and Chapman (2006, p. 833) describe as a 'thinning out' of empirical detail. They allow for a close engagement with organizational participants and their behaviour; alongside the use of semi-structured interviews, qualitative field studies offer a meaningful understanding of social interactions and behavioural responses. As such, they are of particular utility in the study of organizational micro-practices. In this study, data saturation (Morse, 1995) was underpinned by the selection of interviewees who could provide meaningful insights into the issue being investigated and the emergence of repeated references to similar observations across multiple interviewees as the study progressed. The pattern of findings from each of the field sites and the inconsistent, ambiguous and conflicting nature of some of the data go some way to illustrating the trustworthiness of the findings and their analysis (Silverman, 2005; Tracy, 2010; Malsch and Salterio, 2016).

One of the key contributions of this study is a more immediate relation, via the organizational symptoms of Habermasian colonization, to Habermas's social ontology and Habermasian colonization theory than is applied in much of the existing body of literature. A closer engagement with the organizational symptoms of Habermasian colonization provides for a deeper understanding of the phenomenon and its effects. Empirical work from the town and country planning sector by, for example, Forester (1985; 1993), Kemp (1985), Innes and Booher (2015) and, to a lesser extent, from accounting (*e.g.* Oakes and Oakes, 2016) informed the modelling of these organizational symptoms. However, the body of literature on the organizational symptoms

of Habermasian accounting colonization is relatively limited: it is recognized that the modelling of these organizational symptoms may need to be refined by further research.

More generally, Habermasian colonization theory is not without limitations as a theoretical perspective. German critical theorists like Habermas do not distinguish between observations and the interpretation of observations (Chua, 2004; Gallhofer, Haslam and Yokemura, 2015). This presents a key methodological consequence: the adoption of value positions in research that is based on Habermasian colonization theory is unavoidable and (out-with epistemological and ontological positions) potentially problematic. Arrington and Schweiker (1992) suggest that the concept of discursive transparency is overly intellectualized; some go as far as to argue that the Habermasian concepts of lifeworld and communicative rationality are utopian (Edgar, 2006; Brown and Dillard, 2013). Others have also questioned the critical nature of Habermasian theory (*e.g.* Alvesson and Deetz, 2000; McBride, 2000; Edgar, 2006).

Alternative theoretical perspectives may allow for a better understanding of the impact of accounting on organizational participants. The use of different theoretical perspectives in the study of the impact of accounting on organizational micro-practices may also offer insights that are not revealed by Habermasian colonization theory. Tweedie (2018), for example, suggests that Honneth's critical theory offers a richer theoretical perspective by which the impact of accounting on organizational micro-practices can be considered. Habermasian colonization theory rests on the effect of social discourse; Honneth's critical theory encompasses the broader influences of recognition in self-development and of the normative pre-conditions of institutions and social practices.

The second key contribution of this study is provided by the application of Oakes and Berry's (2009) developed model of accounting colonization: this model recognizes that behavioural responses to accounting disturbances might reflect something other than the distinction between coercion and resistance that typifies many of the studies that draw on Broadbent and Laughlin (2013). It also seeks to address the perceived dualism, emphasis on scientific method and lack of subtlety that pervade much of the existing body of literature (Oakes and Berry, 2009). Still, this developed model of accounting colonization is not without perceived limitations. For example, Campanale and Cinquini (2016, p. 40) argue that it does not 'sufficiently consider the interconnections among organizational elements resulting from the interaction between controlling and controlled actors' in the form of colonization that can be reciprocal. This form of colonization arises when interpretative schemes and design archetypes influence each other in the process of organizational change; it also requires constructive behaviours between

organizational participants. Refinement of Oakes and Berry's (2009) developed model may be needed to better reflect these constructive interactions and their effects.

Parallels between Campanale and Cinquini's (2016) concept of reciprocal colonization and Masquefa, Gallhofer and Haslam (2017) can also be made: the latter find that accounting disturbances can lead to changes to the interpretative schemes of accountants, rather than being deployed by accountants to secure change amongst other organizational participants. Relational and social aspects of accounting colonization can, like Broadbent and Laughlin's (2013) evolution and Oakes and Berry's (2009) notion of a behavioural response that is discursively benign, result in improvements in communicative reasoning and communicative action. As such, there appears to be scope for accounting colonization to have enabling organizational effects (Gallhofer and Haslam, 1991; 2003; Gallhofer, Haslam and Yonekura, 2015; Masquefa, Gallhofer and Haslam, 2017) that is, perhaps, not reflected in Oakes and Berry (2009). Notwithstanding the behavioural response of discursively benign accounting colonization, further research using Oakes and Berry (2009) may need to be mindful of how accounting can lead to behavioural responses that are positive and enabling (*e.g.* Gallhofer and Haslam, 2003; Masquefa, Gallhofer and Haslam, 2017; Steccolini, 2018).

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